



Office of Right of Way

# Appraisal Operational Manual

August 2003



# IOWA DEPARTMENT of TRANSPORTATION

## APPRAISAL OPERATIONAL MANUAL

August, 2003

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# Appraisal Operational Manual

**This Appraisal Manual provides the guidance to prepare and review appraisal reports under Iowa Eminent Domain Law.**

## ***THE UNIFORM ACT and USPAP***

In Iowa, Certified and Associate Real Property Appraisers (General and Residential) who provide eminent domain appraisal services, are required to comply with the Uniform Standards of Professional Appraisal Practice (USPAP), the Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally Assisted Programs (Uniform Act), the Iowa Constitution, statutory and case law and state administrative law and policy.

***The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) 42 U.S.C. 4601-4655, implemented at 49 CFR 24.302.***

The Federal Uniform Act applies to all programs or projects that are undertaken by Federal Agencies or with Federal financial assistance, and, which require the acquisition of real property or which cause the displacement of any person.

The State of Iowa has codified the Federal Uniform Act so that in Iowa the Federal Uniform Act procedural standards for eminent domain appraisals are also the State of Iowa's procedural standards. It references the Federal Uniform Act of 1970, as amended, which is also known as Public Law 91-646 as implemented in 49 CFR 24.102, 24.103(3) and 24.105.

Chapter 543D of the Iowa Code, Real Estate Appraisals and Appraisers, applies to general commercial market USPAP appraisals and to Iowa eminent domain appraisals, all of which must comply with the appraisal standards contained in the Iowa Constitution, statutes, judicial(case) law and this manual.

- ❖ Only those eminent domain appraisals which comply with Iowa eminent domain law and this manual may be approved by a Certified General Real Property Appraiser.
- ❖ Certified General Real Property Appraisers are responsible to identify and comply with required Iowa eminent domain appraisal standards in the performance of an eminent domain appraisal.

The purpose of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, is: “To provide for uniform and equitable treatment of persons displaced from their homes, businesses and firms by Federal and federally-assisted programs and to establish uniform and equitable land acquisition policies for Federal and federally-assisted programs.”

Shortly after the Uniform Act became law, the Uniform Appraisal Standards for Federal Land Acquisitions (yellow book) was developed by the Department of Justice to establish appraisal standards for Federal eminent domain acquisitions only.

Uniform Act regulations are written to reflect the needs for wide range appraisal standards for Federally funded eminent domain appraisals to which USPAP appraisal standards cannot be applied.

For all Iowa eminent domain Appraisals the **mandatory** appraisal requirements are the:

- ❖ Iowa Constitution, Article I, Section 18
- ❖ Code of Iowa, Chapters 6A, 6B and 316 and other eminent domain statutes
- ❖ Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- ❖ Regulations 761, IAC 111
- ❖ Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at:

- ❖ The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- ❖ The Appraisal Guide (FHWA)
- ❖ Uniform Standards for Federal Land Acquisition
- ❖ USPAP

***Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) Public Law 101-73, 103 Stat 183, 511 August 9, 1989.***

Title XI requires the establishment of State Programs for the licensing and certification of appraisers performing appraisals for federally related transactions under the jurisdiction of Federal financial institution regulatory agencies.

“Federally related transactions”—The term means any real estate-related financial transaction which:

- ❖ Federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates; and
- ❖ Requires the services of an appraiser.

The FIRREA is not by its terms directly applicable to the acquisition of real property for Federal and federally assisted projects. Regulations implementing the Uniform Act contain appraisal criteria, in 49 CFR 24.103, that are applicable to such acquisitions.

### ***The Uniform Standards of Professional Appraisal Practice (USPAP)***

The Appraisal Standards Board of the Appraisal Foundation adopted USPAP on January 30, 1989. USPAP is the generally accepted and recognized standard for appraisal practice in the United States.

Over the years USPAP has evolved as a document in content, form and organizational structure. It is a work in progress and, as such, may be altered, amended, supplemented, etc., in accordance with established procedures.

USPAP requires that Iowa certified appraisers comply with the Federal Uniform Act and Iowa eminent domain statutory law as interpreted by the Iowa Supreme Court and appraisal policies of the state as implemented by the Iowa Administrative Code (IAC) and published appraisal standards contained in the Iowa Department of Transportation Appraisal Policy and Procedure Manual (this publication).

USPAP appraisal standards that are contrary to Iowa eminent domain law and policy are void and of no force and effect in an eminent domain appraisal assignment by operation of Iowa law as stated in the USPAP “Jurisdictional Exception” and/or “Supplemental Standards” Rules and comments.

#### ➤ Jurisdictional Exception Rule

The 2003 Edition of USPAP defines Jurisdictional Exception as:

“An assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.”

Standards Rule 1-4(f) requires appraisers to analyze the effect, if any, of anticipated public improvements, located on or off site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date.

Article 1, section 18 of the Iowa Constitution **prohibits** consideration of increases or decreases in a property’s value caused by the project. It specifically states “shall not take into consideration any advantages that may result to said owner on account of the improvement for which it is taken”.

Within the appraisal report, the appraiser is required to identify this Jurisdictional Exception and cite the legal authority justifying the action.

➤ Supplemental Standards

The 2003 Edition of USPAP defines Supplemental Standards as:

“Requirements issued by government agencies, government sponsored enterprises, or other entities that establish public policy which add to the purpose, intent and content of the requirements in USPAP, that have a material effect on the development and reporting of assignment results.”

Iowa eminent domain laws (implemented in Iowa Administrative Code) and this Appraisal Policy and Procedure Manual are supplemental standards that Iowa certified appraisers must comply with, in addition to the requirements set forth by USPAP.

Examples include, but are not limited to:

- All appraisal reports are written reports with no oral reports allowed.
- All Iowa appraisal forms used in the development of the appraisal. All applicable forms are located in the Appendix of this manual.
- The appraiser must offer the owner, or the owner’s representative, an opportunity to accompany the appraiser on the inspection of the subject property.
- A five-year sales history of the subject property.
- Photographs of the property, including the area to be acquired on partial acquisitions.
- Partial acquisitions.
- Sketches of each improvement to be acquired.
- Statutory requirement to pay cost of future maintenance for extended driveways at the rate of \$20 per lineal foot.
- Agricultural fence will be paid administratively and not considered in the appraisal.

***Appraisal Reporting***

USPAP Standard 2 addresses reporting the results of a real property appraisal and that the appraiser must communicate each analysis, opinion and conclusion in a manner that is not misleading.

Standards Rule 2-2 states that the written appraisal report be a Self-Contained Appraisal Report, Summary Appraisal Report or Restricted Use Appraisal Report. The essential difference among the three options is in the content and level of information provided.

The level of detail in the presentation of information in each type of report is an important factor. The terms “describe” “summarize” and “state” are often used to differentiate the levels of detail required in the Self-Contained Appraisal, the Summary Appraisal and the Restricted Use Appraisals, respectively.

The Uniform Act addresses criteria for appraisals in 49 CFR-24.103(a). It states that the format and level of documentation for an appraisal depend on the complexity of the appraisal problem. A “Detailed Appraisal” shall reflect nationally recognized appraisal standards and must contain sufficient documentation to support the appraiser’s opinion of value.

For those uncomplicated acquisitions that require an appraisal, the DOT has adopted a “Value Finding” format. This reporting format is used for simple partial acquisitions when the damages to the remainder are non-existent or are relatively minor, are easily measured or explained, or are measurable by cost-to-cure. This type of report does not express before and after values, but rather indicates the compensation due the property owner.

The DOT accepts a “Fannie Mae” type of residential format, which is used to value acquisitions of residential properties.

The three types of appraisals require the value conclusions in all three appraisal formats to be supported by the development and reporting of relevant market information, rather than distinguishing between complete and limited appraisals by the use or non-use of departures.

For purposes of Iowa eminent domain appraisal reporting, USPAP’s “Summary Appraisal Report” with the Supplemental Standards cited earlier equates to Iowa DOT’s “Detailed Appraisal”, “Value Finding” and “Fannie Mae” reporting formats.

### ***Appraisal Review***

USPAP Standard 3 addresses the appraisal review function. It states that an appraiser acting as a reviewer must develop and report a credible opinion as to the quality of another appraiser’s work and must clearly disclose the scope of work performed in the assignment.

It further states that the reviewer’s opinion about quality must encompass the completeness, adequacy, relevance, appropriateness and reasonableness of the work under review. The appraisal review function may or may not include the development of an opinion of value about the real property of the work under review.

The Uniform Act addresses criteria for the review of appraisals in 49 CFR-24.104, and recognizes that appraisal review is a specialized area of appraisal practice. It states that a qualified review appraiser shall examine the presentation and analysis of market information in all appraisals to assure they meet appraisal requirements of the Uniform Act and support the appraiser's opinion of value.

In **addition** to complying with USPAP Standard 3, the eminent domain review appraiser's responsibilities include:

- Rejecting, accepting or approving (staff review appraiser) or recommending approval of (fee review appraiser) an estimate of just compensation, which cannot be less than the approved appraisal.
- Assuring the appraisal report was completed in accordance with State law.
- Assuring the appraisal report was completed in accordance with the Iowa DOT Appraisal Operational Manual (this manual).
- Requesting and obtaining from the appraiser any needed corrections or revisions to a deficient appraisal report.
- Assuring each appraisal report is independently acceptable and there is consistency throughout the project area.

If the review appraiser is unable to approve an appraisal as an adequate basis for the establishment of the offer of just compensation, he/she may develop an independent estimate of value if there is no other practical way to resolve an unacceptable appraisal or appraisals.

When the review appraiser establishes an independent value conclusion in lieu of approving the value conclusion of a submitted appraisal report, he/she becomes the appraiser, but no subsequent independent appraisal review is required.

## ***STATEMENT OF PROPERTY OWNERS' RIGHTS***

It is important that the appraiser be aware of information that is distributed to property owners who may be impacted by highway projects in the State of Iowa. This information is routinely distributed at the various public meetings conducted by the Iowa Department of Transportation prior to the appraiser's first contact with the owner.

*Iowa Code*, Section 6B.2A, mandates that acquiring agencies provide a statement of rights to owners of record who may have all or part of their property acquired by condemnation. The Iowa Attorney General has adopted the following statement.

Property owners have the right to:

1. Receive just compensation for the taking of property. (Iowa Constitution, Article I, Section 18)
2. An offer to purchase, which may not be less than the lowest appraisal of the fair market value of the property. (*Iowa Code* Sections 6B.45 and 6B.54)
3. Receive a copy of the appraisal, if an appraisal is required, upon which the acquiring agency's determination of just compensation is based not less than 10 days before being contacted by the acquiring agency's acquisition agent. (*Iowa Code* Section 6B.45)
4. An opportunity to accompany at least one appraiser of the acquiring agency who appraises the property when an appraisal is required. (*Iowa Code* Section 6B.54)
5. Participate in good faith negotiations with the acquiring agency before the acquiring agency begins condemnation proceedings. (*Iowa Code* Section 6B.2B)
6. A determination of just compensation by an impartial compensation commission and the right to appeal its award to district court if they cannot agree on a purchase price with the acquiring agency. (*Iowa Code* Sections 6B.4, 6B.7 and 6B.18)
7. A review by the compensation commission of the necessity for the condemnation, if their property is agricultural land being condemned for industry. (*Iowa Code* Section 6B.4A)
8. Payment of the agreed upon purchase price, or if condemned, a deposit of the compensation commission award before they are required to surrender possession of the property. (*Iowa Code* Sections 6B.25, 6B.26 and 6B.54(11))
9. Reimbursement for expenses incidental to transferring title to the acquiring agency. (*Iowa Code* Sections 6B.33 and 6B.54(10))

10. Reimbursement for certain litigation expenses: (1) if the award of the compensation commissioners exceeds 110 percent of the acquiring agency's final offer prior to condemnation; and, (2) if the award on appeal in court is more than the compensation commissioner's award. (*Iowa Code* Section 6B.33)
11. At least 90 days written notice to vacate occupied property. (*Iowa Code* Section 6B.54(4))
12. Relocation services and payments, if they are eligible to receive them, and the right to appeal the eligibility for and the amount of payments. (*Iowa Code* Sections 6B.42 and 316.9)

The rights set out in this statement are not claimed to be a full and complete list or explanation of an owner's rights under law. They are derived from *Iowa Code* Chapters 6A, 6B and 316.

The point of including this statement in the Appraisal Manual is to make the appraiser aware of what the property owner expects from you as a representative of the Iowa Department of Transportation, an eminent domain authority.

We cannot emphasize it enough that you **must** give the property owner or their designated representative every reasonable opportunity to accompany you on the inspection of the property being appraised. (See Page 56, "Inspection of Subject Property")



# ***APPRAISAL CONTENT REQUIREMENTS***

## ***INFORMATION FURNISHED TO APPRAISER***

The appraiser will be provided a parcel file and other assistance consisting of the following:

- A plat of the property which is a drawing of the entire ownership. It indicates the locations of major buildings and the proposed acquisition. This plat is not to be confused with a land surveyor's acquisition plat.
- The Land Surveyor's Acquisition Plat, if available
- The Summary of the Proposed Acquisition, which is a listing of various property rights that will be acquired, including: property areas before and after the acquisition; areas of various acquisitions; access control information, including "additional length of drive"; and, right of way fencing (used by the acquisition agent only).
- The Report of Record Ownership and Liens prepared by a local abstracter, if available.
- Pertinent copies of highway cross-sections (mainline, side road, borrow, etc.), if available.
- The Right of Way plans describing the acquisitions, details of the proposed acquisition from each property to be appraised, property ownership lines and existing right of way lines.
- The Required forms will be furnished to contract appraisers along with any other optional agency developed forms.
- Staking of Proposed Acquisition. Upon request from the appraiser, the Iowa DOT will arrange to have the proposed acquisition lines staked on the ground. This will be done when necessary to assist the Appraiser in determining the extent of the acquisition. Staking requests from property owners should go through the Chief Appraiser or Acquisition Supervisor to the appropriate District.
- Legal assistance regarding appraisal issues will be furnished to the Appraiser as necessary.

## *DATA REQUIRED IN ALL APPRAISAL REPORTS*

The following information is required in the Detailed Appraisal, the Value Finding Appraisal and the Residential Appraisal reports in order to assist the reader in navigating and understanding the appraisal.

### ➤ Title Page

This should include: 1) the type of appraisal report; 2) the county, project number and parcel number; 3) the name of the owner and address of the property being appraised; 4) the effective date of the appraisal; and, 5) the name and address of the appraiser(s) making the report.

### ➤ Letter of Transmittal

This should include, at a minimum: 1) the date of the letter; 2) the identification of the property and property rights appraised; 3) a reference that the letter is accompanied by the type of appraisal report format used; 4) a statement of the effective date of the appraisal; 5) the value estimate or estimates in the case of a partial acquisition; and, 6) the appraiser's signature.

### ➤ Table of Contents

The major parts of the appraisal report and their subheadings should be listed. All pages should be numbered for ease of reference.

### ➤ Form 633-101, "Appraisal" form

This form is furnished by the Iowa DOT and must be included in both the **Detailed Appraisal and Value Finding Appraisal** reporting formats.

In those instances where the assignment was to appraise a "Partial Acquisition", and the acquisition results in either a change in highest and best use from the existing use, or where the estimate of just compensation approaches or exceeds half of the before value, the appraiser is to provide a Form 633-101 for each "Partial Acquisition" and "Total Acquisition" situation. In this situation, the Department's initial "offer to purchase" may be on either premise.

OR

Form 633-401--"Residential Appraisal", furnished by the Iowa DOT, is intended for use in the appraisal of single family residences where a total acquisition or before value is required.

Note that on both of the above forms, when an owner or a tenant is a corporation or an estate, the name and address of an appropriate corporate officer or executor must be shown.

➤ Form 633-204,"Certification of Appraiser"

This form furnished by the Iowa DOT, or its equivalent, is required on all appraisal reports except those prepared on Form 633-401 (Residential Appraisal).

➤ Form 633-205

This form furnished by the Iowa DOT, or its equivalent, is required in all appraisal reports, except residential appraisals using Form 633-401. It includes "Purpose of the Appraisal", "Definition of Market Value", "Definition of Highest and Best Use", "Hazardous Substance Contamination", "Five Year Delineation of Title", "Leases", and "Date of Inspection and Invitation".

➤ Subject as Sale

If the subject property has sold during the last **five years**, the appraiser must consider the sale in the Sales Comparison Approach, or explain the reason for omission.

➤ Statement of Contingent and Limiting Conditions (Exhibit 4, Form 633-206)

Contract Appraisers may use their own "Assumptions and Limiting Conditions" so long as all items on the Iowa DOT "ASSUMPTIONS AND LIMITING CONDITIONS" are included, and none of the items added by the appraiser conflict with the Iowa DOT's items.

➤ Photographs

Identified photographs of the subject property including principal above ground improvements, or unusual features, affecting the value of property to be acquired or damaged. Photographs of improvements and land within a partial acquisition area are required.

Photographs of an acquired residence must include exterior shots from opposite corners to ensure all sides of the structure are shown. Interior photographs should include the kitchen(s), bathroom(s), heating, ventilation and air-conditioning (HVAC) system, electrical system and any other feature that would be addressed in the “Elements of Comparison” portion of the appraisal report.

Photographs of other acquired improvements should include one interior shot and any unique characteristics

Original color photographs or digital reproductions should be included in all copies.

➤ Sketches

Floor plan sketches with dimensions of each improvement to be acquired must be included in the appraisal report. The sketch does not have to be drawn to scale but should be approximate.

➤ Sales Data Sheets

Sales Data Sheets are required as part of all appraisal report formats. They must include: the sale number; grantor and grantee; type of instrument and date; date of transaction if significantly different from instrument date; book and page of record (if not recorded so state); sale price confirmed by a party to the transaction; name of confirming individual; and, conditions of sale and financing. Also: a simplified legal description; description of land and improvements; neighborhood or location factors; zoning; date of inspection; location; street address or directions; photographs of improvements and any special features; rental and expense information; cash equivalency calculations; and any other pertinent information or calculations.

➤ Cash Equivalency

All sales must be reduced to their cash equivalent values. When a cash equivalency adjustment is required, calculations or logic must be indicated either, on the sale data sheet, or in the appraisal report.

Basis:

Iowa Civil Jury Instruction 2500.4, Fair and Reasonable Market Value. Jordan v. Iowa Department of Transportation, 468 N.W.2d 827 (Iowa 1991); Redfield v. Iowa State Highway Commission, 110 N.W.2d 397 (Iowa 1961).

➤ Confirming and Inspecting Sales

Sales that are used as a primary comparables in an appraisal report must be both confirmed and physically inspected by the appraiser. It is not necessary to confirm or inspect sales that the appraiser is not considering as primary comparables, unless the information gained could reasonably be expected to have a significant impact on the value conclusion. The appraiser will only rely on confirmations from parties that were directly involved in the sale, such as the grantor, grantee, or broker. Confirmation gained from persons not directly involved is unacceptable, unless the appraiser explains any special circumstances involved. When unusual conditions or questionable values are discovered, it is recommended that the appraiser interview more than one of the parties involved in the transaction to insure reliability of data.

When two or more appraisers are assigned to a project, and both are preparing appraisals on the same parcels, they may exchange factual data and jointly confirm and inspect sales. **However, these cooperative activities are specifically limited to the gaining of factual data.** Each appraiser must develop an independent analysis of sales. Any exchange of opinion or analysis, regardless of form, is prohibited.

➤ Location Maps

Location Maps should be provided indicating sales locations relative to streets or major roadways. Subject properties shall also be located on the maps.

➤ Appraisal “Record of Contacts” (Exhibit 7, Form 632-052)

This form furnished by the Iowa DOT is to be included along with all appraisals. It is not a part of an appraisal. Its provisions are not subject to the Appraisal Standards of Iowa Code chapter 543D. This is an internal working document and should not be subject to disclosure, as might be an appraisal, in the event that the property is acquired through eminent domain.

The purpose of the form is to record any information found by the appraiser different from, or in addition to, that information which was provided as a part of the appraisal assignment. Any information which might be helpful to those who will be subsequently contacting the property owner or tenants should be provided.

Examples of such information are as follows.

- ❖ Directions to the location of an owner or tenant's property if that property is not easily located from information in the parcel file. Also, the place of employment, business hours, and business phone number of the owner or tenant if that is where the individual might best be contacted.

- ❖ Information regarding any unusual or unique characteristics of the property which were noted during the site visit but were not discussed within the body of the appraisal.
- ❖ Information on specific sales provided by the property owner during the appraiser's contact with the property owner if this information was determined not to be of value to the appraiser or had no bearing on the appraisal
- ❖ Information on any special needs of an owner or tenant, which will need to be addressed by subsequent visitors. This may include limited English proficiency, visual or hearing difficulties, etc.
- ❖ Information for the safety and well being of subsequent site visitors, such as the presence of an unfriendly animal.

This list is far from exhaustive. The appraiser is to record for the benefit of those who follow any information, which might be helpful in the process of acquiring the necessary right-of-way.

Staff appraisers are expected to complete this form and submit it to the Chief Appraiser for review no later than the Monday following the inspection date.

This form must be placed behind the "APPRAISAL SECTION" Parcel File Check Sheet and then submitted to the Right of Way Record Center by the Appraisal Reviewer. A copy of this form should be inserted in the brown or field file.

#### ➤ Well Tests

If the appraiser notes any primary well in use located within the area to be acquired or otherwise rendered unusable by right of way acquisition, a well contractor is to be hired to test the capacity of the well and the quality of the water. The contractor is to determine the gallons pumped per minute.

A water sample will be taken and sent to a qualified laboratory to determine the bacterial and nitrate level. The intent is to have a benchmark for a new water source. This should help to reduce the number of claims of poor quality or low water volume in a new replacement well. The charges for the two tests completed by the well contractor can be submitted to the Iowa DOT for payment.

## ***TYPES AND FORMATS OF APPRAISAL REPORTS***

The format and level of documentation for an eminent domain appraisal report depends on the complexity of the appraisal. There are three appraisal report formats that will satisfy Iowa DOT standards. The appraiser is expected to use the most appropriate format. The format to be used may be specified in the appraisal assignment. When developing the appraisal, regardless of format, the Appraiser shall always offer a property owner, or their designated representative, a reasonable opportunity to be present during the inspection of the property.

All appraisals are prepared following accepted appraisal principles and techniques in accordance with Article 1, Section 18 of the Iowa Constitution and Chapters 6A Eminent Domain Law and 6B Procedure under Eminent Domain as interpreted by decisions of the Iowa Supreme Court, 761 IAC 111 of the Iowa Administrative Code, and the Iowa Department of Transportation (Iowa DOT) "Appraisal Policy and Procedures Manual". These Iowa provisions implement and fully comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act Of 1970 as amended and its implementing regulations found in Part 24 of Title 49 of the Code of Federal Regulations and in accordance with USPAP.

The eminent domain appraisal development and reporting standards contained in the Iowa DOT Appraisal Policy and Procedures manual, Iowa law and The Code of Federal Regulations are no less stringent than USPAP. Eminent domain appraisals are not to be considered as "Limited" appraisals, or as "Restricted" reports, etc.

Upon completion of the review function, the appraisal report and the review appraiser's report will be forwarded to the Acquisition Section and subsequently forwarded to the property owner.

The appraiser's competency to complete eminent domain appraisals and reports must include familiarity with that body of case law relating to valuation under eminent domain as it expands or changes.

All reports are expected to be stand-alone, fully supported reports, independent of a separate "Project Book". Accepted formats are:

### ***THE DETAILED APPRAISAL REPORT***

Detailed Appraisal Reports are required on either total or partial acquisitions of properties when other less detailed formats are not applicable. They shall include all applicable approaches to value. Reasons for omitting any traditional approach to value should be clearly stated in the report.

The Appraiser may be instructed to limit appraisal analysis to a specific valuation approach or approaches. This may be when inclusion of additional approaches to value

would not significantly add to the reliability and support of the final value estimate, or when recommended by legal counsel or the Chief Appraiser.

In addition to the applicable forms and inclusions mentioned earlier, the following information and analysis appropriate to the type of property under appraisal must be included in a Detailed Appraisal Report, unless the appraiser has been provided specific instructions to the contrary.

### *Identification and Legal Description of Property Appraised*

The property is typically identified by a street or rural address, or, if a vacant property, by a street name and distance from an identifiable intersection.

The legal description is typically shown in the title information as provided, or as shown in the most recent conveyance documents. While effort is made to provide the appraiser with a proper definition of the "Parent Parcel", it is the appraiser's responsibility to note any potential problems in the "Parent Parcel" legal description and to discuss the need for possible revisions with the Chief Appraiser, Appraisal Production Coordinator or the assigned Review Appraiser.

Lengthy legal descriptions for subject properties and sale comparables may be abbreviated. Abbreviated descriptions should be clear so that the reader is not misled. Signals such as "Land in..." or "Part of..." or "Abbreviated as..." should be used to begin an abbreviated description. REFERENCES TO APPENDIX LOCATIONS OR DEEDS ETC. ARE NOT ACCEPTABLE. Complete descriptions may be referenced if directly attached to the Form or Comparable Sales Analysis sheet.

### *Date of Value Estimate*

The date the value estimate applies. Value is always estimated as of a given date. The date of value estimate specifies market and environmental conditions under which the analysis is founded.

Most frequently, for purposes of appraisal, the date of inspection is used as the valuation date, although often it may be fixed at some prior or future time. Appraisals for condemnation appeal shall be as of the date of the condemnation hearing.

The Appraiser is responsible for valuing a property in its actual condition as of the stated date of valuation.

All value estimates are affected by existing market conditions regardless of the nature of the value estimated. Market Value is a direct function of forces of supply and demand prevailing on the market at the time of appraisal.



If the appraisal preparation date and valuation date are substantially different, both dates should be clearly stated.

### *Description of "Community and Neighborhood"*

A description of the physical, amenity, and economic factors of the community and neighborhood must be included. The description should concentrate upon those factors which have an affect upon the current market value of the property or properties appraised. An analysis of how and why these factors are affecting value should be included. Extraneous material not related to the appraisal problem is not appropriate.

### *Description of Characteristics of Property Appraised*

The physical description of the tract including, but not limited to: size, shape, topography, drainage, agricultural suitability, soil characteristics, and accessibility.

The physical description of improvements, including, but not limited to: type of improvement, use or occupancy, size, shape, style, construction materials, finish materials, quality, condition, obsolescence and adequacy factors, location on the tract and, if appropriate, recent rental history.

A detailed and accurate description of all property attributes is necessary. Items of depreciation or obsolescence should be detailed. All items of importance in the valuation sections should be introduced and discussed.

All buildings, structures and other site improvements must be identified and described, even though they may not significantly contribute to the value of the property.

All fixtures and property included in the valuation must be listed and described in such a manner as to facilitate their identification by others.

Improvements which are neither being acquired nor affected by the acquisition may have a significantly abbreviated description.

### *Discussion of the Existing Limitations to Fee Ownership*

Existing limitations to fee ownership of the real property being appraised may include, but are not limited to:

- Zoning restrictions, and the reasonable likelihood of zoning changes, not dependent on the project for which the property is to be acquired.

- Existing easements, both recorded and obvious adverse possessions.
- Leases and tenants. Terms for both written and verbal tenancies should be noted. Copies of written leases should be included.
- Lack of other ownership rights such as mineral rights or the right to conduct certain types of business, etc.

### *Possible Health Hazard Alert*

A positive statement as to the knowledge, suspicion, or presumed existence of: ground water contamination, petroleum storage tanks, chemical storage or other possible contaminants in or on property, or, a positive statement that the property appears to be uncontaminated, is required. (See Page 54, “Hazardous Substances/Contamination”)

### *The Analysis and Statement of the Highest and Best Use of Property Appraised, Both if Vacant and as Improved*

Highest and Best use is the utilization of a property to its best and most profitable use. It is that use, chosen from among reasonably probable and financially feasible alternative uses which is found to be physically practical, legally acceptable, and which results in the highest present value, as defined, as of the effective date of appraisal. Where the Highest and Best Use is considered to be for development, there must be a discussion of the supply of and demand for similar development land, together with a supported absorption period for the subject.

Basis:

*Iowa Civil Jury Instructions 2500.15*; Dolezal v. City of Cedar Rapids, 209 N.W.2d 84 (Iowa 1973); Jones v. Iowa State Highway Commission, 259 Iowa 616, 144 N.W.2d 277 (1966).

It is recognized that, in cases where a site has existing improvements, the highest and best use, if vacant, may be different from the existing use. The existing use will continue unless and until the value of the land in the highest and best use vacant exceeds the total value of the improved property in the existing use.

In appraisal practice the concept of Highest and Best Use represents the foundation upon which value is based. No valuation may proceed without this determination, as the appraiser would not know what comparative analysis data to rely upon.

## *Statement as to Property Rights Appraised*

Property rights to be appraised for eminent domain purposes usually are of the following types:

➤ Fee Simple

An absolute fee; a fee without restrictions or limitations to any particular class of heirs, but subject to the limitations of eminent domain, escheat, police power and taxation.

➤ Leased Fee

A property held in fee with the right of use and occupancy conveyed by lease to others. An ownership consisting of the right to receive rentals over a period of time, plus the right of ultimate repossession at termination of the lease.

➤ Leasehold

A property held under tenure of lease. The right of use and occupancy of real property by virtue of a lease agreement; right of a lessee to use and enjoy real estate for a stated term and upon certain conditions, such as payment of rent.

➤ Easement

An interest held by one person in the land of another, whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts rights of the fee owner in the use and enjoyment of those rights extended to the easement holder. Easements fall into three broad classifications: surface easements, subsurface easements and overhead or aviation easements.

## *Cost Approach and Analysis, if Applicable*

Definition: The Cost Approach is that approach in appraisal analysis which is based on the proposition that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property.

It is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing improvement; deducting accrued depreciation; and, adding the estimated land value plus entrepreneurial profit.

In eminent domain appraisal, the "Cost Approach to Value" is considered valid in only three situations:

- When the improvements are nearly new, and functional.
- When the property has a "special purpose" or use, and is of a type seldom sold in the open market.
- When the proposed acquisition includes or affects only part of the improvements on a property. In the case of a Detailed Before and After appraisal, the Cost Approach may be the most sensitive approach to the acquisition of small elements of the improvements, or elements which might properly be accommodated using a cost to cure.

The cost approach to value is not needed in any other situation, However, in the case of a Before and After valuation of an improved property, a land value, as vacant, for its highest and best use, should be developed using the Direct Sales Comparison Approach. When the appraiser furnishes a cost approach, the approach must meet the following preparation and documentation standards.

➤ Land Value

The opinion of land value is to be developed from comparable sales or other methods as outlined in the Sales Comparison Approach to Value. Land value must be estimated on the basis of what would be the tract's highest and best use if unimproved and ready for development.

➤ Cost New Estimate

The appraiser may arrive at a cost new estimate for each improvement on the property basing computations on the updated actual cost, cost of similar new construction, computerized cost services, published cost manuals, or contractor's estimates. The source and development of that data must be documented in a manner that allows the appraisal reviewer to confirm and analyze computations.

➤ Accrued Depreciation

Four methods of measuring accrued depreciation are acceptable.

- ❖ Breakdown - This method is to be applied using generally accepted methodology to produce estimates of physical deterioration, functional obsolescence and economic or external obsolescence.
- ❖ Market Analysis – The appraiser must indicate the following: development and documentation of land value from comparable sales and deduction from the total sale price to ascertain the contribution value of the improvements;

cost new estimates of the improvements on those comparable sales; comparison of contribution value and cost new to establish the percentage of accrued depreciation on the sale of improvements. To be valid, the comparables should be relatively similar to the subject in age, construction, function and size.

- ❖ Commercial Cost Service - If the cost new estimate is developed by such a service, the appraiser may also use that system's estimate of depreciation, furnishing a copy of the computation or computer output as a part of the appraisal report. The appraiser should ascertain whether the economic obsolescence, as included in the system, is relevant to the community.
- ❖ Economic Age-Life – The appraiser must adequately explain and justify estimates of effective age and anticipated economic life.

➤ Value Indication

The final value indication by the cost approach represents the total of the market value of land plus the depreciated cost of all improvements. This must be clearly stated at the conclusion of the approach.

### *Income Capitalization Approach and Analysis, if Applicable*

Definition: The Income Capitalization Approach is that procedure in the appraisal analysis which converts the anticipated benefits (cash flows and reversion) to be derived from the ownership of property, into a value opinion. The Income Capitalization Approach is widely applied in appraising income producing properties. The anticipated future income and/or reversions are discounted to a present worth value through a capitalization process.

In the case of a Before and After valuation, and if the Cost Approach has not been developed, a Land Value as vacant, for its highest and best use, should be developed using the Direct Sales Comparison Approach.

The appraiser shall collect, inspect, verify, analyze, and reconcile such comparable income data as are available to indicate an appropriate estimate of the gross income of the property being appraised.

The appraiser shall collect, verify, analyze, and reconcile such data on comparable operating expenses as are available to support an estimate of all operating expenses pertinent to the property being appraised.

The appraiser shall collect, verify, analyze, and reconcile data available to support an appropriate capitalization rate or rates to be applied to the estimated net operating income.

The method, process, and technique of capitalization shall be appropriate to the type and characteristics of the property being appraised.

A final value indicated by the Income Capitalization Approach shall be reached and clearly stated at the conclusion of the approach.

### *Sales Comparison Approach and Analysis, if Applicable*

Definition: The Sales Comparison Approach to Value is a direct sales comparison and analysis. The Sales Comparison Approach in appraisal analysis is based on a proposition that an informed purchaser would pay no more for a property than the cost of acquiring an alternate property with a similar utility. This is the approach to value normally relied upon in eminent domain appraisal valuations. In the case of a Before and After valuation, and if the Cost Approach has not been developed, a Land Value as vacant, for its highest and best use, developed using the Direct Sales Comparison Approach is to be included.

The appraiser shall collect, inspect, verify, analyze, and reconcile comparable sales information available to produce a value conclusion. Comparable sales data must be contained in the appraisal report.

The appraiser must analyze available market information and explain how that data related to the subject property. The means for expressing that analysis covers a broad spectrum of qualified skill depending on the property and market being analyzed.

The appraiser needs to present available market information and supply comparative adjustments, using quantitative and/or qualitative techniques, between that information and the subject property to arrive at a final indication of market value. Quantitative techniques include paired data analysis, statistical analysis, graphic analysis, trend analysis, cost related analysis and secondary analysis. Qualitative techniques include relative comparison analysis, ranking analysis, and personal interviews.

In any case, the appraiser must clearly and accurately present these analyses, opinions, and conclusions in sufficient depth and detail to convince a reader of the report that they are appropriate and reasonable.

### *Reconciliation & Final Opinion of Value*

The appraiser must reconcile the value indications previously reached from the approaches to value to arrive at a final opinion of value. Appraisers are to reconcile facts, trends, and observations developed in their analyses and review the conclusions, validity and reliability of those conclusions. Relative significance, applicability, and defensibility of each indication of value is weighed and analyzed, placing greatest

reliance on those which are most authoritative in indicating the value of the property or rights under appraisement.

The Final Value Opinion is to be the highest value that a typical informed rational purchaser would pay for the subject property if available for sale on the open market as of the date of appraisal, given the data developed in the analysis.

### *Signatures by Responsible Appraisers*

All appraisers contributing significantly to the valuation process must sign the report and all the required certifications.

Fixture and equipment appraisers who have provided appraisals of personal property under their own signature are required to sign and include certificates only as to those conclusions, even though they may be incorporated into the larger report by the real property appraiser.

### *Supportive Material*

The appraisal should include any supportive material that the appraiser believes would assist in explaining or justifying the observations and conclusions. This material may consist of: maps, charts, plans, photographs, cost estimates, sketches, hazardous material inspection reports, traffic count charts, community ordinances, sale contracts, offers to purchase, leases, etc.

### *Discussion of Interests*

The appraisal shall contain an investigation of possible leasehold interests when a lease is found. If a leasehold interest exists, the appraiser must describe and analyze the lease.

When the analysis indicates the presence of a leasehold, the appraiser must also include the tenant's name and address on Forms 633-101 (Appraisal) or 633-401 (Residential Appraisal). The appraiser may be requested, as a part of the assignment, to provide separate values and appropriate forms for each of the several interests. (See Page 31, "Leasehold Appraisal")

Valuing the subject property as a whole, and apportioning damages between the fee holder and the lessee is **not** an appraisal of the tenant's interest.

Basis:

Fritz v. Iowa State Highway Commission, 270 N.W.2d 835 (Iowa 1978).

Tenant owned structures and fixtures shall be noted. If both landlord and tenant have signed an agreement denoting the tenant owned fixtures and equipment, the appraiser shall develop an appraisal of the tenant's interest separate from the owner. If the owner and/or tenant do not agree on ownership, the appraiser should develop a division of interests and report it separately in the appraisal report. (See Page 33, "Tenant Owned Improvement Appraisal")

## ***Partial Acquisitions***

Where a substantial portion of a property is to be acquired, or there are significant damages to the remainder that cannot be easily measured by cost-to-cure, a detailed "Before Value" and "After Value" appraisal report is required.

Elements of this type of report are as follows:

- All appropriate forms and inclusions noted earlier.
- A valuation of the entire property existing prior to the proposed acquisition.
- A discussion of the real property, personal property and/or rights to be acquired.
- A discussion of the physical and functional effects of loss of the real property and/or personal property.
- A reiteration of the property description, in abbreviated form, as existing after the removal of the acquisition. Where no changes have occurred, reference may be made to the earlier descriptions.
- An analysis of Highest and Best Use of the property after acquisition. Both an analysis of the land as vacant, and an analysis of the property as improved is required.
- A valuation of the property as existing after the acquisition, normally utilizing the same valuation approaches as developed in the before acquisition analysis. A complete analysis must be indicated. **It is unacceptable to simply value the part acquired and subtract the result from the before value to produce an after value.** Use of Costs to Cure, where such costs are less than the reduction in value if not cured, is acceptable. Such costs should be based upon documented estimates.
- The appraiser should avoid using the same comparable sales in the before and after analysis. If the same sales comparables are used, the appraiser is required to provide market justification for the adjustments made to the comparables in both the before and after analysis.
- A statement as to conclusions reached.



## NOTE

**IT IS NOT ACCEPTABLE TO PRODUCE AN AFTER ACQUISITION VALUE BY SUBTRACTING THE ESTIMATED VALUE OF ACQUISITION AND DAMAGES FROM THE BEFORE ACQUISITION VALUE CONCLUSION.**

Basis:

Harris v. Board of Trustees of Green Bay Levee & Drainage Dist. No. 2, Lee County, 59 N.W.2d 234,237 (Iowa 1953), Maxwell v. Highway Commission, 223 Iowa 159, 271 N.W. 883 (1937); Randell v. Iowa State Highway Commission, 241 N.W. 685 (Iowa 1932).

**IT IS NOT ACCEPTABLE TO SUM THE UNADJUSTED VALUE OF SEPARATE PARCELS OF A PROPERTY IN ARRIVING AT THE BEFORE OR AFTER VALUE OPINIONS.**

Basis:

Bellew v. Iowa State Highway Commission, 171 N.W.2d 284, 288-289 (Iowa 1969); Jones v. Iowa State Highway Commission, 259 Iowa 616, 144 N.W.2d 277, 280 (1966); *Iowa Civil Jury Instruction 2500.3*.

## ***Suggested Structure of Appraisal Reports:***

The appraisal reports are sent to the property owners, so it is important they follow a logical, readable and user-friendly format. The Iowa DOT does not specify a particular appraisal reporting format with respect to binding, order of pages, etc. However, the Iowa DOT considers the following suggested order as appropriate and acceptable. Appraisal reports do not need to be bound with covers but may be stapled.

The following suggestions include the pertinent forms, together with suggested page or paragraph headings:

### ***Detailed Report: Total Acquisition***

Title Page

Letter of Transmittal

Table of Contents

Neighborhood Description

Statement of the Appraisal Problem

Description of Subject Site as Vacant

Highest & Best Use of Subject Site as Vacant

Valuation of Subject Site as Vacant

Description of Subject Improvements

Highest & Best Use of Subject Improvements

Cost Approach

Sales Comparison Approach

Income Approach

Reconciliation & Final Estimate of Value

Discussion of Interests, if applicable

Addendum

- Forms 633-101, 204 and 205
- Summary of Proposed Acquisition (From R/W Design)
- Iowa DOT Plot Plan (From R/W Design) Include the Surveyor Plat, if available.
- Photographs of Appraised Property
- All other supportive material including sketches, comparable sales sheet and location map, written leases, if available, etc.

## ***Detailed Report: Before & After***

Title Page

Letter of Transmittal

Table of Contents

Neighborhood Description

Statement of the Appraisal Problem

Description of Subject Site as Vacant, Before

Highest & Best Use of Subject Site as Vacant, Before

Valuation of Subject Site as Vacant, Before

Description of Subject Improvements, Before

Highest & Best Use of Subject Improvements, Before

Cost Approach, Before

Sales Comparison Approach, Before

Income Approach, Before

Reconciliation & Final Estimate of Value, Before

Discussion of Interests, if applicable, Before

Description of Rights to be Acquired

Effect of the Acquisition on Subject Property

Description of Subject Site as Vacant, After

Highest & Best Use of Subject Site as Vacant, After

Valuation of Subject Site as Vacant, After

Description of Subject Improvements, After

Highest & Best Use of Subject Improvements, After

Cost Approach, After

Sales Comparison Approach, After

Income Approach, After

Reconciliation & Final Estimate of Value, After

Discussion of Interests, if applicable, After

## *Addendum*

- Forms 633-101, 204 and 205
- Summary of Proposed Acquisition (From R/W Design)
- Iowa DOT Plot Plan (From R/W Design) Include the Surveyor Plat, if available
- Photographs of Appraised Property, including land and buildings to be acquired
- All other supportive material including sketches, comparable sales sheets and location map, written leases, if available, etc.

## ***THE VALUE FINDING APPRAISAL REPORT***

This report does not contain a complete before and after value analysis. This report format is to be used for simple partial acquisitions when damages to the remainder are non-existent or are relatively minor, are easily measured or explained, or are measurable by cost-to-cure.

An example of a "simple" partial acquisition would be a strip acquisition from a large property, which does not approach close enough to any improvements to cause possible proximity damages. Any partial acquisition which necessitates reconfiguration of improvements or which damages the improvements could not use this format. Any partial acquisition which changes the highest and best use of remaining property, should not be appraised using this format.

There is no limit to the total value of land and damages when using this format. Use of the format is limited only by the complexity of the acquisition, or of the property being appraised. This type of report does not express before and after values, but only indicates compensation due to the property owner and/or lessee. Value of the land and/or improvements acquired must be supported by applicable data. Any large cost-to-cure items must also be appropriately supported.

A brief narrative discussion must be included covering the overall property, the acquisition, and the acquisition's effect on the remainder. The extent of documentation is to be commensurate with the significance of the appraisal, and values involved. In the event of condemnation, the appraiser may be requested to provide before and after values for the property.

The opinion of just compensation arrived at in a value finding appraisal report reflects the appraiser's opinion of the difference between the before and after values. It is assumed that the appraiser would not have a different opinion of just compensation if doing a before and after appraisal.

The standard three approaches to value as discussed later will be considered, but in most cases, only a Sales Comparison Approach will be requested. The land valuation requires a minimum of two sales, documented, identified, and confirmed in the same manner as comparable sales for a detailed appraisal report.

This type of report does not express before and after values, but rather indicates the compensation due the owner. However, the appraiser will be no less diligent in gathering the data and completing the appraisal assignment than if performing a before and after appraisal

Basic elements of this type of report are as follows:

- All appropriate forms and inclusions noted earlier.
- A brief community and neighborhood discussion.
- A brief discussion of the subject, and the use and type of improvements. The description detail should be commensurate with the importance to the value analysis.
- A brief discussion and conclusion of the Highest and Best Use of the property, both as vacant and as improved.
- An explanation of the acquisition and explanation of the effect of the acquisition on the remainder property.
- A discussion of the land, improvements and rights to be acquired.
- Data and analysis to explain, substantiate, and thereby document the estimate of Just Compensation. The extent of this data should be commensurate with the appraisal problem.
- Land Value – The estimate of land value is to be developed from comparable sales as discussed in the Sales Comparison Approach to Value.
- An explanation of the valuation procedure, and summary of conclusions reached, appropriately supported.
- Signature by the responsible appraisers.
- Supportive exhibits and material.

The following is a suggested structure is considered appropriate and acceptable for the Value Finding Report.

## ***Value Finding Report***

Title Page

Letter of Transmittal

Table of Contents

The following statement:

“The opinion of just compensation arrived at in this value finding appraisal report reflects the appraiser’s opinion of the difference between the before and after values. My opinion of just compensation is no different than if doing a before and after appraisal.”

Neighborhood Description

Description of Subject Property

Highest & Best Use of Subject Property

Description of Rights to be Acquired

Effect of the Acquisition on Subject Property

Valuation

## ***Discussion of interests, if applicable***

Addendum

- Forms 633-101, 204 and 205
- Summary of Proposed Acquisition (From R/W Design)
- Iowa DOT Plot Plan (From R/W Design) Include the Surveyor Plat, if available
- Photographs of Appraised Property
- All other supportive material including sketches, comparable sales sheets and location map, written leases, if available, etc.

## ***THE RESIDENTIAL APPRAISAL REPORT***

The Uniform Residential Appraisal Report (URAR), with certain additions, is to be used for appraising residential properties when a "Total Acquisition" is involved, or when a "before value" must be developed for a partial acquisition. Additions are to include the first page of the Iowa DOT's Residential Appraisal Report Form 633-401. Photographs and floor plan sketch with approximate dimensions are to be included for any building to be acquired. Comparable sales sheets with photographs are to be included together with a sales location map.

All or part of this format may be used to value a residential portion, as defined, of a multi-use property and incorporated into a larger report covering the entire property.

The basic requirements of this type of report are as follows:

- The Uniform Residential Appraisal Report with an attached first page of Form 633-401 (Residential Appraisal Report).
- Sales data sheets, sales location maps, and exterior photographs of major improvements.
- A sketch of the first floor perimeter of the house, with the dimensions.
- Interior photographs of special features are required (See Page 11, "Photographs"). This is also support for verification of the appraiser's interior inspection.
- When specific or unique features affect the value of the property, the appraiser should describe and furnish photographs of those features. Also include other materials which the appraiser feels necessary to support or develop the valuation of property. These may include: floor plans, plats, additional commentary, additional adjustment documentation, flood hazard maps, etc.

## ***ADVERTISING DEVICE APPRAISAL***

The appraiser shall identify all advertising devices located within the proposed acquisition area. During the inspection process, the ownership of these advertising devices will be determined. A copy of the lease or lease terms will be secured when applicable.

In most instances, advertising devices will be considered as personal property and will be moved, or acquired, by the Relocation Assistance Section of the Right of Way Office.

The need for an appraisal of advertising devices will be rare. Exceptions will be considered on an individual basis. When the appraiser determines that a compensable

leasehold interest exists, and may be affected by the proposed acquisition, the interest will be appraised accordingly. See discussions of LEASEHOLD APPRAISAL and TENANT OWNED IMPROVEMENT APPRAISAL.

If an appraisal is required, the appraiser should attempt to develop all three approaches to value.

## ***LEASEHOLD APPRAISAL***

In those cases when property to be acquired is subject to a written or verbal lease, except month to month tenancies, the appraiser must describe and analyze the lease. In those cases when the analysis indicates a leasehold exists, the appraiser must include tenant's name and address along with the fee holder's name and address on Forms 633-101 (Appraisal) or 633-401 (Residential Appraisal).

Month to month rents and annual farm leases are not to be appraised unless other instructions are given on a specific property. All other leasehold interests, including written options to renew, shall be explained and valued. Copies of all leases are to be included in the appraisal report. If both the owner and tenant agree to the presence and terms of an oral lease, that lease is assumed to be valid, but limited to one year duration.

Basis:

Fritz v. Iowa State Highway Commission, 270 N.W.2d 835 (Iowa 1978); City of Des Moines v. Geller Glass & Upholstery, Inc., 319 N.W.2d 239 (Iowa 1982).

The value of the lessee's interest when the entire leased property is acquired is the fair and reasonable market value of the unexpired term of the lease immediately before the acquisition; taking into account the building, fixtures and tenant owned improvements on the premises; less the future rent to be paid, and the reasonable value of personal property removed by the lessee after the date of the acquisition

Basis:

*Iowa Civil Jury Instruction 2500.10*, Measure of Damage RE. Leasehold

The measure of damage in a total acquisition of a tenant's interest is the market value of the unexpired term of the lease over and above the rent stipulated to be paid. The appraiser must also compensate for the loss of the tenant's ownership of business fixtures.

Basis:

Batcheller v. Iowa State Highway Commission, 101 N.W.2d 30, 33 (Iowa 1960); Interstate Finance Corporation v. Iowa City, 149 N.W.2d 308 (Iowa 1967); Wilkes v. Iowa State Highway Commission, 172 N.W.2d 790 (Iowa 1969).



The measure of damage for a partial acquisition of a leasehold is the difference in the value of the use of the premises immediately before and after condemnation.

Basis:

Lassie's Red Barn, Inc. v. Iowa Department of Transportation, 428 N.W.2d 319, (Iowa Ct. App. 1988). Twin-State Eng & Chem. Co. v. Iowa State Highway Commission, 197 N.W.2d 575 (Iowa 1972).

The value for a lessee's interest for a partial acquisition of a leasehold is the difference in the fair and reasonable market value of the use of the premises immediately before and immediately after the acquisition.

The appraiser shall request and when provided include a copy of the lease in the appraisal report. When the lease is not made available or there is a disagreement between the lessor and lessee as to its terms of the ownership of fixtures, equipment or improvements, the appraiser shall value the lessor's and lessee's interests as a part of the whole property with the final conclusion of value including both interests. However, the appraiser will allocate the lessor's and lessee's interests within the body of the appraisal report. On a separate page, the appraiser will include a suggested allocation of interests in the before and after acquisition values of the property and the difference conclusion and identify what property fixtures, equipment and improvements are included in each interest. (See Page 23, "Discussion of Interests")

If a leasehold interest is found and it is affected by the right of way acquisition, the tenant is entitled to a reasonable opportunity to accompany the appraiser during an inspection of the property.

## ***TENANT OWNED IMPROVEMENT APPRAISAL***

When appraising any interest in real property, the appraiser shall appraise at least an equal interest in all buildings, structures, or other improvements located upon the real property to be acquired, which is to be removed or which is determined will be adversely affected by the highway or transportation project. This shall include any improvement of a tenant-owner who has the right or obligation to remove the improvement at expiration of the lease term.

Any building, structure, or other improvement, which would be considered to be real property if owned by the owner of the real property on which it is located, shall be considered to be real property for purposes of the appraisal analysis of tenant owned improvements.

Compensation for a tenant-owned improvement is the amount which the improvement contributes to the fair market value of the whole property or the salvage value, whichever is greater.

In the case where tenant owned improvements are involved, the appraiser shall secure both the owner's and tenant's signatures on a written agreement listing the items owned by the tenant. A copy of that agreement must be included in the appraisal report. A blank agreement form will be furnished by the Chief Appraiser upon request. The appraiser shall appraise the separately held interests of the owner and tenant, based on that agreement and furnish a separate Form 633-101, 204 and 205, for each interest. If the owner and/or tenant refuse to sign an agreement, the appraiser is to make the allocation required under the Appraisal Content Requirements, Discussion of Interests.

If tenant owned improvements are affected by the right of way acquisition, the tenant is entitled to a reasonable opportunity to accompany the appraiser during an inspection of the property.

## ***FIXTURE AND EQUIPMENT APPRAISAL***

### ➤ Small Quantities of Common Items

If completion of an appraisal requires the valuation of small quantities of common items, the real estate appraisers may estimate their values based upon experience, observed condition or any other support which can readily be developed. Items shall be identified and described in the report.

### ➤ Large Numbers of Items and Specialty Items

An experienced appraiser of the appropriate type of fixture and equipment shall be retained when either the number of items is significant or items would appear to have significant value.

### ➤ A Fixture and Equipment Appraisal shall consist of:

- ❖ Appraiser's Letter of Transmittal
- ❖ Form 633-204, "Certification of Appraiser".
- ❖ Form 633-205, or the following certification: I personally inspected Fixtures & Equipment on \_\_\_\_\_, 200\_, and interviewed \_\_\_\_\_ who is the \_\_\_\_\_. I offered \_\_\_\_\_ an opportunity to accompany me on my inspection of this property and he/she \_\_\_\_\_ that invitation. This invitation was extended by (personal contact, telephone or letter \_\_\_\_\_) on \_\_\_\_\_, 200\_.
- ❖ An identified listing of the items appraised.
- ❖ A listing of replacement cost by item or groups of like items.

- ❖ A listing of value-in-place by item or groups of like items.
- ❖ A listing of salvage value by item or groups of like items.

An identification of sources of cost data used, including publication titles, or individual's names and addresses.

## *ADDITIONAL INFORMATION*

### *PROJECT DATA BOOK*

On some projects the appraiser may be asked to provide a sales data book which includes all sales data gathered in the development of the appraisals. The book shall be identified by the County and Project Number. The book shall include a sales map showing the location of all sales. The book shall be signed and dated. If additional sales are developed during the course of the appraisal assignment, copies of those sales shall be forwarded to the acquiring authority for inclusion in the book.

### *NUMBER AND SUBMISSION OF APPRAISAL REPORTS*

An original and two copies of each appraisal report plus an extra Form 633-101 shall be prepared and submitted to the Chief Appraiser. The appraiser is advised to retain a copy for their files.

Contract appraiser's reports are submitted directly to the Appraisal Section unless delivery to another location is specified in writing by the Chief Appraiser.

### *REVISING THE APPRAISAL REPORT*

#### ➤ Minor Revisions

When the change causing the revision of an appraisal report is of a minor nature, either the appraisal reviewer or the appraiser may prepare the revision.

When the Chief Appraiser designates the review appraiser to prepare the revision, Form 633-501 will suffice. When assigned to an appraiser, a completed Form 633-301 will be prepared. The revision should identify the project and parcel, give the date of the appraisal that is being revised and explain the revisions and effect. The supplement should also state the before and after value as revised, the date of the revision and be signed by the appraiser. The review appraiser will attach this supplemental revision to the front of the original report. If the before and after values have changed, or if the

individual damage items have changed, new Appraisal, Allocation and Certification forms will be submitted by the appraiser or review appraiser. The revision shall be prepared in duplicate and submitted to the review appraiser.

➤ Major Revisions

When a change causing revision is major, the appraiser will revise the original appraisal. The appraiser will submit new sheets for those parts of the original report that require change. The revised sheets will include new Appraisal, Allocation and Certification forms. The review appraiser will insert the revised sheets in the proper order in each copy of the previous report. If a revision requires re-inspection of property, the appraiser shall offer the owner an opportunity to accompany on re-inspection.

➤ All Cases

Voided original sheets may be discarded when supporting information for the revision is contained elsewhere within the file.

## *UPDATING THE APPRAISAL REPORT*

The Chief Appraiser may determine that material changes in the character or conditions of a property, information received from the owner, community or neighborhood events, or a significant delay since the time of the appraisal of the property, warrant obtaining an update of the appraisal, or obtaining a new appraisal. If, due to new information, the revised appraisal, or new appraisal indicates a change in the estimate of just compensation approved by the review appraiser, the review appraiser shall conduct a new review, producing a revised analysis and estimate of just compensation.

When the appraiser is requested by the Chief Appraiser to update an appraisal to reflect the possible changes in value since the date of the original report, the revised values are to be supported by appropriate data and analysis furnished as an addendum to the original appraisal. Revised Appraisal, Allocation and Certification forms shall be prepared as necessary.

At the discretion of the Chief Appraiser, a review appraiser may be instructed to reexamine appraised values. This report may be in the form of a memorandum addressed to the Acquisition Supervisor indicating the updated values together with the data and analysis to support any changes. The memorandum must include a breakdown of the estimate of just compensation to indicate the values for land, improvements, buildings, damage to remainder, etc.

## *PARCEL DELETION*

When a parcel is deleted, all files are to be returned to the Chief Appraiser for disposal.

# ***DEFINITIONS, GUIDELINES & REQUIREMENTS***

## ***STANDARD DEFINITIONS***

### ➤ Appraisal

An appraisal is a written statement, independently and impartially prepared by a qualified appraiser, setting forth an opinion of defined value, of an adequately described property, as of a specific date, supported by the presentation and analysis of relevant market information.

### ➤ Contributory Value

Contributory value of an improvement, fixture, tract of land or portion thereof is an amount by which the total value of a property is changed either due to its presence or absence.

### ➤ Eminent Domain

The Iowa Constitution in Article 1, Section 9 provides that "no person shall be deprived of life, liberty or property without due process of law". Article I, Section 18 further provides that "Private property shall not be taken for public use without just compensation first being made, or secured to be made to the owner thereof, as soon as the damages shall be assessed by a jury, who shall not take into consideration any advantages that may result to said owner on account of the improvement for which it is taken".

### ➤ Equipment

Readily relocatable personal property not specifically designed or adapted to the function of the real estate. These items may be attached, but their removal would not impair the function or use of realty.

### ➤ Fixtures

Fixtures are defined as additions to real estate by reason of their attachment and the specific purpose which they serve. Fixtures are usually permanently affixed to the building or land and contribute to the purpose or use of the basic realty.

➤ Just Compensation

Iowa courts have translated the constitutional term "fair and just compensation" into a formula which defines the "measure of damage" to be used in determining the amount to be paid when private property is acquired for public use. Just Compensation is expressed in terms of market value and states that the measure of damage is the difference between fair and reasonable market value of the whole tract immediately before the acquisition and the fair and reasonable market value of the remaining portion immediately after the acquisition, without consideration of any benefits to the property which may have resulted or may result in the future from the proposed improvement. Likewise, in the case of total acquisitions of property, fair and reasonable market value is considered as the basis for "just compensation".

Basis:

*Iowa Constitution*, Article 1, Section 18; *Iowa Civil Jury Instructions 2500.3*; *Belle v. Iowa State Highway Commission*, 126 N.W.2d 311 (Iowa 1964); *Harris v. Board of Trustees of Green Bay Levee & Drainage Dist. No. 2, Lee County*, 59 N.W.2d 234, 237 (Iowa 1953); *Aladdin, Inc. v. Black Hawk County*, 562 N.W.2d 608 (Iowa 1997).

➤ Fair and Reasonable Market Value

STATE OF IOWA DEFINITION-- The term "fair and reasonable market value" means the cash price which would be arrived at as between a voluntary seller, willing but not compelled to sell, and a voluntary purchaser willing, but not compelled to buy. It assumes a buyer and seller are bargaining freely, in the open market for the purchase and sale of the real estate in question.

The term does not mean a value under circumstances where greater than its fair price could be obtained, nor does it mean the price which the property would bring at a forced sale. It does not mean what the property is worth to the plaintiff (owner) nor what the defendant (acquiring authority) can afford to pay, but what it is fairly worth in cash on the open market, as above stated.

Basis:

*Iowa Civil Jury Instructions 2500.4*

In short, the fair and reasonable market value of a property is to be considered in the same manner that a knowledgeable, voluntary buyer determines the fair and reasonable market value of a property-- what are its capabilities, what are its detriments, what is it fairly and reasonably worth in the market place? The jury and/or Compensation Commission is entitled to be informed of all-factors which (1)the willing seller would impress upon the willing buyer that tend to show value and (2) the willing buyer would

impress upon the willing seller that tend to indicate lack of value--including sales of comparable properties and evidence of its highest and best use.

Basis:

*Iowa Civil Jury Instructions 2500.6 and annotated authorities; Bellew v. Iowa State Highway Commission, 171 N.W. 2d 284, 288-289 (Iowa 1969); and, In Re Primary Road No. 141, 255 Iowa 711, 124 N.W.2d 141, 147 (1963).*

The determination of “Market Value” may not consider or reflect any enhancement in value of the subject, caused by the public improvement which has prompted the taking. (No sales exhibiting these effects may be used as a comparable in arriving at the value of the subject property, either before or after the date of condemnation.)

Basis:

*Iowa Civil Jury Instructions 2500.3; Socony Vacuum Oil Co. v. State, 170 N.W.2d 378 (Iowa 1969).*

#### ➤ Salvage Value

Value inherent in fixtures and personal property to a purchaser who must remove them from the premises at the purchaser’s expense, for transport to another location allowing a reasonable period of time to find a purchaser with knowledge of the uses and purposes for which they are adaptable and capable of being used, including the separate use of serviceable components and scrap when there is no reasonable prospect of sale, except on that basis.

Any compensation for the loss, damage or reduction in value of personal property will be made as a Relocation Assistance payment.

Basis:

Section 6B.42 Eminent domain – payment to displaced persons, and, *Iowa Code*, Section 316.2(3); Nidy and Company v. State, 189 N.W.2d 583 (Iowa 1971); Cahill v. Cedar County, Iowa, 367 F. Supp.39 (N.D. Iowa 1973).

#### ➤ Value in Place

Value in place is defined as the amount a prudent purchaser would pay for an item (fixtures and equipment) in place; determined by the use the item contributes to the whole property. This value is typically based on the installed cost of the item less depreciation. Installed cost includes the cost of the item plus costs of any foundations, wiring, plumbing, permits, etc., necessary for the item to remain in the existing operational condition.

The Iowa DOT typically requests this valuation information in fixture and equipment appraisals. This information is also used by the Relocation Assistance Section when making an “Actual Direct Loss of Tangible Personal Property” determination.



## *APPRAISAL, GUIDELINES & REQUIREMENTS*

### ➤ Access

Access to an established roadway is considered a property right. Every property has the right to free and convenient access to a public road system. However, the right of access associated with a property abutting a public roadway does not include the privilege of unrestricted entry at each and every point along the frontage. Through exercise of police power, state and local governments are authorized to control access. Abutting owners are not entitled to compensation if their property retains or is provided with reasonable access compatible with highest and best use.

Valid exercises of police power by a governmental authority and which do not entitle the abutting landowner to compensation for damages may include:

- ❖ Insertion of median dividers only separating the lanes of travel
- ❖ Changing traffic from two-way to one way
- ❖ Increase or decrease in traffic volume, or a change in the nature of traffic on the roadway
- ❖ Limitations of size, weight, and class of vehicles authorized to use roadways
- ❖ Limiting access to defined entrance locations

Basis:

Linge v. Iowa State Highway Commission, 260 Iowa 1226, 150 N.W.2d 642 (1967); Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959).

A landowner is not entitled to damages for denial of access to a new highway or section of a relocated highway designated as a controlled-access facility at the time of its construction. No right of access vests, therefore no compensation can be allowed. While the landowner may recover damages to the land caused by the fact that the road separates a parcel into two tracts, the landowner may not recover for loss of access to the highway itself.

Basis:

Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959); Des Moines Wet Wash Laundry v. City of Des Moines, 197 Iowa 1082, 198 N.W. 486, 489 (1924).

When a property presently has frontage on two or more roads and access is denied or substantially impaired on one of the roads, availability of the alternate does not necessarily eliminate damages to the remainder.

Frontage roads present an additional access question. If direct access is impaired, the property may be damaged even though the frontage system is a substitute for the direct access, although the frontage road may reduce or eliminate such damage.

Access is one area in which there is a limited judicial record. Many areas are still subject to additional judicial review and ruling. Therefore, when a special issue is encountered, the appraiser is advised to consult with the Chief Appraiser.

If the frontage road right of way is purchased by either warranty deed or permanent easement, public maintenance will be provided. A frontage road or entrance constructed on a temporary easement will not have public maintenance.

Right of way plans on some highways will include predetermined access locations (PDA). Most PDA's will be built during project construction. Construction of entrances at PDA's which are not built until after the project completion will be by the Iowa DOT. These un-built PDA entrances will be constructed in response to the property owner's request.

#### ➤ Adverse Possession

Acquisition of property rights through the legally prescribed process of "open and notorious occupancy". No private individuals may acquire property rights to government owned lands through adverse possession. Therefore, no compensation may be paid for the acquisition of private improvements located on public lands or for reclaiming public lands from private occupancy.

#### ➤ Advertising Devices (Signs)

In Iowa, when an advertising sign is located within the proposed acquisition area, it is generally considered as personal property and will be moved under the state's Relocation Assistance Program.

Advertising signs may be categorized into two main groups, On-Property Signs and Off-Premise Signs.

On-property signs advertise the principal product sold or activity conducted on the property where the sign is located and may require local, city or county permit or approval.

Off-premise signs are those signs displaying general advertising about products or services available at locations other than at the sign site. With the exception of special event signs, all off-premise signs require a permit which is issued through the Advertising Management Section in the Office of Traffic and Safety at the Iowa Department of Transportation.

Examples include: billboards owned by advertising companies; county-municipal-school district recognition signs that welcome approaching travelers; and, church-service club signs that display a message relating to locations or meeting times.

An advertising device WILL BE APPRAISED and acquired:

- ❖ When there is an on-property advertising sign on a total acquisition, the sign will be appraised as part of the real property.
- ❖ When the advertising sign cannot legally be moved back onto remaining land because of zoning or spacing requirements. Generally, this involves off-premise signs on partial acquisitions.
- ❖ When the sign and/or structure supporting the sign cannot physically be moved or it is not economically feasible to move it. This generally involves masonry structures.

➤ Allocation of Just Compensation

*Iowa Code* Section 6B.45 requires that the property owner be provided an "itemization of appraised value of real property or interest therein, any buildings thereon, all other improvements including fences, severance damages and loss of access". The review appraiser is to allocate an estimate of just compensation, concluded in a Detailed Appraisal (Before and After) or a Value Finding Appraisal, into the categories noted on Form 633-102. The allocation is to be based upon either, the appraiser's conclusions and opinions stated in the report, or the review appraiser's interpretation of the market data. This form will become a part of the review appraiser's report and will be presented to the property owner.

➤ Appraisal Confidentiality Requirement

Except as required by due process of law or written consent, it shall be considered improper for the appraiser to disclose to the property owner or a third party the appraisal report or any of the observations or conclusions reached until the appraisal becomes a matter of public record.

➤ Appraisal Objectivity

The appraiser's duty in preparing an appraisal is to provide an unbiased opinion of "fair market value" of a specified property and an estimate of "just compensation" for a proposed acquisition. The value conclusion is to be objective and unrelated to any perceived desires, wishes or needs of the acquiring agency or property owner. The appraiser is neither to withhold nor to overemphasize any facts, data or opinions

concerning the subject, or in any other particulars to become an advocate. The appraiser has an obligation to present data, analysis, and value conclusions without bias, regardless of their effect on any party to the action.

#### ➤ Approaches to Value

The appraisal report should include only those approaches to value that are pertinent to the property appraised. Any approach to value that is not applicable to the solution of the appraisal issue may be omitted. Reasons for omitting any approach to value should be clearly stated in the report. When sufficient market sales are available to support the fair market value for the appraisal, the appraiser should include only a Sales Comparison Approach to value in the appraisal report. When appraising properties with older improvements, the cost approach to value should be omitted. When appraising properties that are not normally leased, the income approach to value should be omitted. The sales comparison approach to value should be examined in all cases where market sales exist.

#### ➤ Assumptions and Limiting Conditions

The following is a partial list of assumptions and limiting conditions which are acceptable in appraisals for the Iowa DOT. Some assumptions may not be applicable to all appraisals. The appraiser may assume:

- ❖ The photographs contained in the individual appraisal reports were taken by the appraiser on the date the property was inspected. Any photo taken on a different date or by another person is appropriately labeled.
- ❖ The title to the property is good and merchantable, free and clear of all liens. There are no encumbrances other than those mentioned in the appraisal report.
- ❖ The plans, plats, legal descriptions and other data furnished by others are assumed to be correct and reliable, but the appraiser assumes no responsibility for their accuracy.
- ❖ The individual appraisals conform with the Iowa Constitution and *Iowa Code* and do not reflect any benefits or diminution of value caused by the proposed improvement, and do not include non-compensable items of damage.
- ❖ Any temporary easement area acquired will be retained by the State until completion of the construction project and will be returned in the condition indicated by the project plans.

- ❖ Existing drainage will not be adversely affected by highway construction unless otherwise specified in the data furnished. Tile lines on remaining property will function properly after highway construction is completed, unless otherwise noted.
- ❖ The property is appraised as though under responsible ownership and typical management.
- ❖ In those cases where the State does not erect a right of way fence, and fencing is required, the property owner will be paid separately for the cost of fencing the new right of way line. The property owner has a right to pasture livestock adjacent to any State erected fence but must assume all responsibility for restraint of such livestock. Any project effect on fencing other than right of way fence or temporary fence will be considered in the individual appraisal reports.
- ❖ The property owner or lessee will be paid separately for loss, if any, of growing crops or completed field preparation.
- ❖ The Iowa DOT may use any or all of the contents of appraisal reports only for normal business functions.

#### ➤ Benefits Offsetting Damages

Article 1, Section 18 of the Iowa Constitution forbids project benefits from being used to offset either damages or land costs during eminent domain acquisition. See Page 3, "Jurisdictional Exception Rule".

#### ➤ Benefits or Diminution of Value

Benefits may be defined as, "A significant market advantage which has resulted, or which may result in the future, from the public improvement for which land is sought to be acquired." Diminution in value may be defined as "A significant reduction in value resulting from anticipation of the impending project or any other public improvement project".

No consideration may be given to changes in value resulting from speculation based on knowledge of the project. This speculation may result in either an increase or decrease in the property value. **An eminent domain project property appraisal must reflect the value of subject property as if the project did not exist.**

The appraiser shall consider comparable sales of properties located in the vicinity of the property being appraised. However, when sale prices of these properties reflect

enhancement or diminution of value caused by anticipation of the proposed project, the appraiser shall reject such sales and substitute sales in unaffected comparable locations.

Basis:

Socony Vacuum Oil Co. v. State, 170 N.W.2d 378 (Iowa 1969).

The facts and circumstances of sales rejected because their sales price reflects benefits or detriments shall be reported by memorandum to the Chief Appraiser or Manager of Appraisal Production.

Likewise, if, during the interview, the owner informs the appraiser of a sale that occurred, AND it was NOT used in developing the appraisal, the appraiser should note that fact in the owner contact.

### ➤ Comparable Sale

Market data is essential to each of the three value approaches. The appraiser's opinion of value is to be based on objective rather than subjective analysis. In order to accomplish this, the appraiser must use comparable sales.

In order for a sale to be considered a valid comparable to the property under appraisal, it must meet three criteria.

1. The comparable sale must be competitive. That is, it should be a reasonable substitute for the subject property. The comparable must be similar enough in size, shape and features.
2. The comparable sale must qualify as an open market transaction. This requirement eliminates sales that are not "arm's length" sales. There should be no unusual circumstances about any particular sale that could distort its price.
3. The comparable sale should have a sale date relatively close to the date of value. The appraiser must also consider general market price trends. The sale prices of all properties are generally affected by inflation or deflation and by other local influences more than national trends. The more current a sale, the less chance there is for some influence affecting a sale's comparability.

Every property is unique in some way. Because of this, the appraiser may have difficulty in finding recent sales of completely comparable properties. While the appraiser should make every attempt to collect sales that are as similar as possible in time, location and major characteristics, there sometimes may not be enough market to do so. It then becomes necessary to widen standards of comparability to obtain an adequate number of sales. **The appraiser should never use sales that do not meet the criteria for an open market transaction.**

In Iowa eminent domain appraisal, there are additional criteria which define what is considered to be a comparable sale.

An “arms length” sale of the subject property can be used as an indication of the fair market value of the subject property.

Basis:

Jordan v. Iowa Department of Transportation, 468 N.W.2d 827 (Iowa 1991); Riley v. Iowa City Board of Review, 549 N.W.2d 289 (Iowa 1996); Redfield v. ISHC, 99 N.W.2d 413 (Iowa 1959); Campbell v. ISHC, 222 Iowa 544, 269 N.W. 20 (1936),

The sales price of third party sales which are comparable to the subject property, as a matter of law, is independent evidence of the value of the subject property. For such sales and sale prices to be comparable, they must be similar in size, use, location, character of land and time, mode and nature of the sale.

Basis:

In RE Primary Road No. Iowa 141, 255 Iowa 711, 124 N.W.2d 141, 147 (1963); Belle v. Iowa State Highway Commission, 126 N.W.2d 311 (Iowa 1964); Redfield v. Iowa State Highway Commission, 99 N.W.2d 413 (Iowa 1959); Iowa Development Company v. Iowa State Highway Commission, 122 N.W.2d 323 (Iowa 1963).

Land contract sales must be reduced to their cash equivalent value when used as a comparable sale.

Basis:

Iowa Civil Jury Instructions 2500.4; Jordan v. Iowa Department of Transportation, 468 N.W.2d 827 (Iowa 1991).

Speculative contract sales or contract sales for a consideration other than money should not be used as comparable sales.

Basis:

Redfield v. Iowa State Highway Commission, 110 N.W.2d 397 (Iowa 1961).

Sales of lots and small acreages are not comparable sales for determining the before value of a large farm unless there is a present demand for such uses or a reasonable expectation of demand in the near future.

Basis:

Martinson v. ISHC, 134 N.W.2d 340 (Iowa 1965); Bellew v. Iowa State Highway Commission, 171 N.W.2d 284, 288-289 (Iowa 1969); Redfield v.

ISHC, 99 N.W.2d 413 (Iowa 1959); Iowa Development Company v. Iowa State Highway Commission, 122 N.W.2d 323 (Iowa 1963).

Neither the sales of properties under the threat of condemnation or properties that have been condemned may be used as comparable sales. Sales reflecting special benefits or detriments from public improvement projects under appraisal may not be used.

Basis:

Iowa Civil Jury Instructions 2500.7; Socony Vacuum Oil Co. v. State of Iowa, 170 N.W.2d 378 (Iowa 1969); Jones v. Iowa State Highway Commission, 259 Iowa 616, 144 N.W.2d 277, 280 (1966);

An unaccepted offer of sale that assumes that a certain use of the property will be permitted and that subsequently fail to reach fruition because the assumption is incorrect, should not be used as a comparable sale.

Basis:

Danamere Farms, Inc. v. Iowa Department of Transportation, 567 N.W.2d 231 (Iowa 1997); Hardaway v. City of Des Moines, 166 N.W.2d 578, 580 (Iowa 1969).

#### ➤ Closing Costs

Costs associated with the closing of real estate transactions such as future abstracting, mortgage release, etc. shall not be considered in the appraisal. These are handled under separate payment during the acquisition, relocation, and closing processes.

#### ➤ Contacts With Property Owner and Tenants

When preparing an appraisal, the appraiser must contact the property owners, or their designated representative, before an on site physical inspection of the subject property. **Permission to inspect the property must be requested and the owner or their designated representative must be invited to accompany the appraiser on the property inspection.** (See Page 7, “Statement of Property Owners’ Rights”) The appraiser is to interview that person in order to gain such information as is required to properly complete the assignment.

Any questions the owner may present concerning the proposed acquisition are to be researched and answered if possible.

All contacts with the owner are to be in a helpful, non-argumentative manner. In the case of a leased property (except residential month to month and annual farm leaseholds) the appraiser should also interview the tenant. The tenant must be offered an



opportunity to accompany the appraiser on a property inspection if tenant-owned improvements are affected by the proposed acquisition and/or when it is determined there is a leasehold.

Copies of property plats and the summary of proposed acquisitions may be presented to the owner and tenant.

#### ➤ Contacts With the Public

Appraisers are to promote good public relations for the agency through professional conduct and exercise of discretion in their contacts with the public. Individuals should issue no statements to news media without the approval of the Right of Way Director.

#### ➤ Cost to Cure

When appraising a partial acquisition where monetary damages, due to acquisition, may be substantially reduced through some action on the part of the property owner, and the cost of that action is less than damages would otherwise be, the appraiser is to consider the "cost to cure", or actual cost to solve the situation, in the report. The total of cost to cure and damages, as cured, must not exceed the total damages as if not cured. Significant costs to cure must be supported by written contractor's estimates, attached to the appraisal report. The "Cost to Cure" is considered an appropriate technique, as it reflects actions of purchasers in market transactions when they examine deficient or damaged property.

Although the owner of the property may opt to do so, the appraiser should not use cost to cure when the removal of buildings or fixtures to the real estate is required to lessen or mitigate damages.

Basis:

Wilson v. Fleming, 239 Iowa 718, 31 N.W.2d 393 (1948).

#### ➤ Crop Loss

Appraisals prepared prior to condemnation are not to consider crop loss in the acquisition area. Compensation will be provided separately at the time of acquisition or condemnation.

In the case of an appraisal for court testimony where the crop was not harvested by the owner, the appraisal shall consider the value as of the condemnation date.

➤ Donations

*Iowa Code* Section 6B.54(9) and Title 23 of the United States Code of Highways, Section 323, provide that a person whose real property is acquired in connection with a Federal-aid highway project may offer a gift or donation of such property, or any part thereof, or of all or part of the "just compensation" paid for the property, to a Federal Agency, a State or a State Agency, or to a Political Subdivision of a State, as determined by that person. Such donation may only occur after the person has been fully informed of their right to receive "just compensation" for acquisition of the property.

When property is acquired by donation, no appraisal is required. However, owners must also be fully informed that they are entitled to an appraisal of the property along with an offer of just compensation. It is not unusual for an owner to insist upon receiving an appraisal, even though the property is ultimately to be donated, for accounting and tax reasons.

If an owner wishes to donate land, the Iowa DOT's or Acquiring Agency's obligation to appraise and offer just compensation for the acquisition of property must be waived. Form 633-220 provides for the property owners' written release. This document is normally presented to the property owner by the acquisition agent in the negotiation process.

➤ Driveways--Additional Maintenance

State law provides that the Iowa DOT shall pay the property owner \$20.00 per lineal foot for additional length of any driveway to a remaining residence, requiring private maintenance, that is relocated as a part of a highway construction project. The purpose of this payment is to reimburse the property owner for future maintenance costs of the additional driveway length. The additional length will be specified on the summary sheet provided in the parcel file. See Exhibit 21-7.

Basis:

*Iowa Code* Section 306.19(2a)

➤ Duplication of Damages

Highway construction plans often provide for the replacement of drives, walks, parking surfaces, retaining walls, etc., or specify that certain trees or shrubs will not be disturbed during construction activities. The appraiser shall exercise care to avoid payment for these items in the after valuation. Damage for items replaced shall not appear in the after valuation unless their utility is diminished.

➤ Easements

❖ Temporary Easements

Temporary easements are for stated purposes and limited time periods, which vary with the requirements of the easement. When appraising the after value of temporary easement areas, the appraiser shall consider the condition in which the tract will be left after the completion of the construction project, the length of time the easement will be in force, and whether the owner will have any rehabilitation expense after it is released.

Temporary easements are acquired for many specific purposes such as: borrow, haul road, shaping slopes, ditching outlets, removing acquired improvements, driveway construction, utility construction, etc.

❖ Temporary Easement Haul Roads

A road grade will normally be constructed for haul roads. This grade will be removed and the ground elevation returned to its approximate original contour, prior to the abandonment. A haul road easement will be released following completion of the construction project.

❖ Temporary Easement Borrows

A temporary easement borrow is normally purchased when a quantity of fill material is required for the construction of a specific highway project. The appraiser is to be provided a surface drawing of the limits of the easement and the limits of the actual borrow area within the easement. A cross section plan or topographic map indicating the final slope of the borrow is also to be provided by the Agency.

In the case where the plans and "Summary of Proposed Acquisition," furnished by the Agency, state that topsoil is not to be replaced, only the after condition for the borrow is to be valued.

In case where the plans and "Summary of Proposed Acquisition" state that topsoil is to be replaced, the appraiser is to value the borrow assuming the replacement of eight inches of topsoil throughout the borrow area. If, during the property inspection, or analysis, the appraiser should conclude that soil quality, topographical features, change of highest and best use, or use for commercial, industrial or residential development, precludes the need for topsoil replacement, the appraiser may contact the Chief Appraiser for instructions on how to proceed.

On borrows where topsoil is to be replaced, the Iowa Department of Transportation is required to make provisions for the salvage of top soil. The property owner is no longer responsible to provide an area to store topsoil during borrow activities.

Basis:

*Iowa Code Section 314.12A*

Stabilized crop seeding and fertilizing will be applied to all areas except water covered areas of lake-type borrows and borrows where topsoil is replaced.

Temporary borrow easements will normally be released after completion of the grading, paving and erosion control on project.

If field tile lines are severed by removal of the borrow material, the state's road contractor will perform whatever restoration is necessary to assure continuing function of any tile remnant draining on remaining land. Therefore, this is not an appraisal issue except that the borrowed portion will not be re-tiled.

Costs for temporary perimeter fencing for a borrow easement will be reimbursed as part of the acquisition process and not as part of the appraisal.

The after value of the borrow easement areas shall be supported by market or income analysis. Sales of former borrow areas may be used for documentation of values.

#### ❖ Permanent Easement Borrows

Iowa DOT policy is to vacate permanent easements for borrow one year after all construction has been completed, except on those permanent easements for wetland mitigation purposes in addition to borrow purposes. Permanent easement borrows are usually acquired for use on more than one project or for use at different stages of a single project. Therefore, the appraisal will consider the easement right to permanently encumber property.

#### ❖ Permanent Easements for Ponding

Ponding rights are obtained by a permanent easement covering a specific area. They are typically obtained when drainage structures are proposed with a raised entrance flow line.

When ponding is required, a specified easement area will be indicated. The appraiser will consider the effect on the remaining property. A ponding easement includes purchase of a specific right only. The appraisal is to recognize the value

remaining as derived from the property rights not acquired. Property fence can usually be re-constructed along the right of way line, leaving the owner in protected physical possession of the ponding easement area. A fence berm, along the right of way, will normally be constructed to facilitate fence construction.

If a previous ponding agreement has been obtained from the property owner, the existing ponding area normally will not be designated on the highway plans or summary sheet, but a copy of the agreement may be included in the parcel file. These prior agreements shall be considered as an existing limitation to the rights of ownership. Care is to be exercised to avoid duplication of payment when considering the value of a subsequent acquisition.

If only the proposed ponding elevation is indicated on the highway plan, the appraiser will consider the property to be undamaged. In that case ponding conditions which are not desired by the property owner will be eliminated during acquisition. Elimination of unwanted ponding easements should not be initiated by the appraiser.

#### ❖ Permanent Easements for Road Purposes

When a permanent easement for road purposes is acquired, the method of appraising the property shall be same as if the acquisition were by fee title. Use of the easement area is assumed to be permanently lost to the remaining property.

#### ❖ Permanent Easements for Special Purposes

Permanent easements are purchased for such special purposes as to construct and maintain a berm, backslope, drainage structure or flowage. They may also be purchased for utility locations, scenic preservation and other purposes. In these instances, the easement is for a single purpose and usually does not result in the total loss in value of the described area. Each easement of this type should be considered according to the individual purpose and limitations placed upon the property owner's future use of the affected area. Any fencing which may be required, may be erected along the new right of way line.

### ➤ Fencing

- ❖ Partial Acquisitions—The appraiser shall not consider loss of Right of Way fence as a damage item in pre-condemnation appraisals. Separate payments will be made for replacement of existing fence, and for construction of new fence along relocated highways. The appraiser will not consider any extra fencing damage such as additional fence corners or water gap fencing along new right of

way line, as these costs will also be compensated separately. All other fence located within the area purchased, whose utility is not replaced by conventional right of way fence, shall be considered in the appraisal. This may include ornamental or special-purpose fences, and interior field, lot or lane fencing.

Basis:

*Iowa Code Section 6B.44*

- ❖ Total Acquisitions--On all total acquisitions, fence need not be separately valued. The fence should be considered as it contributes to the overall value of the property.
- ❖ Agency Erected Fence--The agency will construct a line fence along freeway right of way. Such fence will be maintained for access control purposes only. The adjacent owner is permitted to use the fence as a property line fence; however, the owner must assume full responsibility for the restraint of livestock. If special fencing is required by the property owner, it will be addressed during the acquisition process.
- ❖ Temporary Fence--Any temporary fence that may be required, during the period of highway construction, shall not be considered as a part of the pre-condemnation appraisal. Such fence, when erected, will be compensated for by the District. In appraising for condemnation or court appeal, the appraiser shall consider any temporary fence that may have been required.

➤ Haul Roads--See Easements

➤ Hazardous Substances/Contamination

This is defined as contaminants of buildings and/or land which are recognized as potentially hazardous to public health or safety. These materials may include but are not limited to: asbestos, petroleum, farm and industrial chemicals, urea formaldehyde foam insulation (UFFI), etc. The appraiser is to note any suspected presence, and immediately notify the Chief Appraiser.

The appraiser should be especially aware of the implications of ground stains, lack of vegetation, underground storage tank filler caps and vents, improperly storage or disposal of chemical bottles, cans and drums.

❖ Underground gasoline and oil tanks

The appraiser is to identify the age, condition, location, size, and contents of tanks present, if possible. The Chief Appraiser is to be notified immediately of tank existence. The Iowa DOT will ascertain whether the tanks are a

contaminant. Legal tanks are registered with the Iowa Department of Natural Resources (DNR). Illegal tanks are subject to fine by the DNR.

❖ Asbestos

The appraiser will identify the type, location and condition (friability) if possible. Asbestos is most commonly found in furnace and pipe wrap, house siding, floor tile, and sound absorption sprayed ceiling texture.

The following information is required by the Environmental Protection Agency (EPA) as a part of their notification policy on asbestos removal.

- ◆ Parcel Number
- ◆ Property Address
- ◆ Description and Type
- ◆ Size or Amount
- ◆ Age
- ◆ Previous Use
- ◆ Present Use

❖ Chemical Waste

The appraiser is to note any chemical disposal sites or spill areas and, if possible, identify the chemical. These may include old barrel storage areas and improperly disposed of chemical cans in farm dumpsites. The Chief Appraiser is to be immediately notified of their existence.

WARNING – The appraiser is to take proper precautions when inspecting properties with suspected chemical or asbestos contamination. You are not expected to be an expert in this field, and thus should protect yourself in situations where it is possible to inhale or come in physical contact with dangerous substances.

Neither the liability for nor the reasonable cleanup costs can be considered by the appraiser until they have been established in a legal proceeding brought by the DNR or by the acquiring authority as required by law.

Basis:

*Iowa Code* Sections 455B.381 through 399; Aladdin, Inc. v. Black Hawk County, 562 N.W.2d 608 (Iowa 1997).

➤ Inspection Of Subject Property

When preparing an appraisal, prior to inspecting the subject property, the owner or owner's designated representative shall be given an opportunity to accompany the appraiser during the appraiser's inspection, unless the owner cannot be located. See Page

7, “Statement of Property Owners’ Rights”. The appraiser will conduct the inspection in a manner that will fully reveal and yield the data needed to properly complete the appraisal. All buildings that are included in the proposed acquisition, or are being substantially affected, will be entered for inspection. This inspection will include viewing all required portions of the property, making necessary measurements and taking applicable photographs. The inspection will be conducted in a manner that will avoid any unnecessary disturbance of livestock, crops, operations of business, customers, etc.

In the case of a leased property (except residential month to month and annual farm leaseholds) the appraiser should also interview the tenant. The tenant must be offered an opportunity to accompany the appraiser on a property inspection if the tenant-owned improvements are affected by the proposed acquisition and/or when it is determined there is a leasehold interest.

If permission to inspect is denied, the appraiser will notify the Chief Appraiser who will determine the appropriate procedure to follow in completing the assignment.

#### ➤ Interim Use of Improvements

An interim use is the temporary use of an improvement to generate income during the period preceding redevelopment. When the value of a tract, as if vacant, exceeds or equals the value as currently improved, a change in use must be considered as probable. If redevelopment is imminent, the value of improvements is normally a negative and equal to the difference of their cost to remove and their salvage value. If redevelopment is postponed, some consideration must be given to income which may be generated through the interim rental of improvements.

#### ➤ Landlocked Tracts

A tract severed from existing access, by an acquisition, to which no alternative access is to be provided, is considered landlocked. When the file data indicates a landlocked tract will be acquired and the owner expresses a desire to retain the area, this information should be brought to the attention of the Chief Appraiser. The appraisal is to reflect the access status of a tract as reflected on the project plans and property plat.



➤ Legal Descriptions

Legal descriptions are typically one of the following:

❖ Rectangular Grid System or Government System

This system was authorized by the Continental Congress in 1785 and by subsequent Congressional acts. This system is in use today in 30 of 50 states, including Iowa. Excluded from this system are the 13 original colonies, all Atlantic coast states (except Florida), Hawaii, West Virginia, Kentucky, Tennessee and Texas.

Land is divided into townships approximately six miles square, each township normally containing thirty-six sections and each section normally containing 640 acres. This is the most typical rural legal description in Iowa.

❖ Lot and Block System

This system, including subdivision plats, was developed as an outgrowth of the rectangular survey system. It is used to simplify the locational descriptions of small parcels. This system is the most typical urban legal description in Iowa.

❖ Monuments

This is a legal description by reference to natural or manmade objects. If monuments are permanently fixed and unequivocally identifiable, description by monuments is satisfactory. It is found in some Iowa rural areas.

❖ Metes and Bounds

A description of a parcel of land by reference to the courses (angles east or west of due north or due south) and distances (usually in feet or chains) of each straight line which forms a boundary, with one of the corners tied to an established point, such as a section corner, or the intersection of center lines of two roads, etc. In Iowa it is normally used in conjunction with a government system or lot and block description.

❖ Land Grant Description

A description of land resulting from French or Spanish land grants. These areas are exempted from the Government System and exhibit descriptions similar to Metes and Bonds descriptions. A few areas of this type can be found in Iowa.

❖ Recorded Plat

A description of a parcel of land by reference to a survey plat which has been filed in the Office of the County Recorder.

➤ Livestock Passes

On projects where an existing livestock pass is not replaced, the appraiser will consider whether this loss affects the value of the remainder. If a drainage structure is used as a stockpass the appraiser will not consider the loss as a compensable item of damage, unless an instruction is provided to the contrary. Property owner requests for new stockpasses will be deferred and will be addressed during the acquisition process.

The Iowa DOT will maintain all stockpass structures, but will not be responsible for the maintenance of approaches or clearing of passageway.

➤ Liquid Petroleum (LP) Tanks

Liquid Petroleum tanks located within the proposed acquisition area or which serve improvements to be acquired, must be researched as to ownership.

Where a petroleum system, including the storage tanks, is put to the same use as the realty and the owner intended to make the system a permanent part of the real estate, a liquid petroleum tank is real estate and not personal property.

Basis:

Young v. Iowa Department of Transportation, 490 N.W.2d 554 (Iowa 1992).

If the tanks are leased and will not be included with the real estate, they will be identified as such and the lessor will be named. Any other items such as satellite dish, yard ornamentation, etc. that are not considered part of the real estate, must be clearly identified in the appraisal report.

➤ Machinery and Equipment

Identification criteria involved in M & E appraisals include:

- ❖ Machine Unit Data: manufacturer's name, location, specifications; serial and model numbers; size or capacity; machine name; standard or auxiliary attachments; drive arrangement type; etc.
- ❖ Prime Mover Data: electric, hydraulic, pneumatic, steam, etc.

- ❖ Installation Data: controls, millwright work, foundations, etc.
- ❖ Owner's Identification or inventory number
- ❖ Record Data: physical, functional, economic
- ❖ Ownership

#### ➤ Mailing Address

Lessor and lessee names and mailing address will be listed on Forms 633-101, 401, or a page attached thereto. In the case of multiple owners, all names and addresses, if available, must be reported in the appraisal. When the appraiser is unable to secure an owner or tenant's name or address, he/she should report that information to the Chief Appraiser, and documented in the appraisal report.

Property addresses must identify either a street, avenue, or rural route number because a post office box number cannot be served in the event of a condemnation proceeding. Continue to indicate post office box numbers as applicable together with the proper numbered street, avenue, or rural route address. Applicable zip code numbers must also be secured and identified.

#### ➤ Mineral Deposits

Iowa does not follow the unit rule in valuing the value of a mineral deposit. It is improper to calculate damages to the owner of a mineral interest right by multiplying the amount of minerals by the royalty figure or market price.

Basis:

Bowser v. Iowa Department of Transportation, 504 N.W.2d 632 (Iowa 1993).

However, the amount and value of recoverable mineral deposits are proper and necessary elements to be considered in determining the before and after value of the mineral leasehold.

Basis:

Lehigh Clay Products, Ltd. v. Iowa Department of Transportation, 512 N.W.2d 541 (Iowa 1994).

#### ➤ Minimum Payment

Appraisals will not recommend a minimum payment or damage, but will reflect the appraiser's estimate of compensation due.

### ➤ Mitigation of Damages

When the parcel file data and/or highway plans indicate that the construction will be for the specific use and benefit of the subject property, such construction can be considered in the valuation process, but only to the extent that it may offset severance damage to remainder. Examples include entrance construction, ponding easements, flowage easements, etc.

### ➤ Non-Compensable Items

An acquisition, in which the use of eminent domain is a possibility, is a proceeding to acquire real property. It is not a proceeding against the owner of the property. In the case of a partial acquisition, payment of the difference between the before and after value of the property will justly compensate the owner for all compensable damages caused to the remaining real property.

The Iowa Supreme Court has considered and rejected a number of claims for damages which, if paid, would provide either double or duplicate recovery; or which do not damage remaining real property. Therefore, they are non-compensable.

A number of damage items have been held by courts to be generally non-compensable.

Following is a list of such items which the appraiser shall not consider.

#### ❖ Loss of anticipated profits or increase in operating expenses

Basis:

Kurth v. Iowa Department of Transportation, 628 N.W.2d 1 (Iowa 2001); City of Des Moines v McCune, 487 N.W.2d 83 (Iowa 1992); City of Des Moines v. Wizer, Inc., 446 N.W.2d 289 (Iowa 1989); Nedrow v. Michigan-Wisconsin Pipeline Co., 61 N.W.2d 687 (Iowa 1953); Johnson County Broadcasting Corp. v. Iowa State Highway Commission, 256 Iowa 1251, 130 N.W.2d 707 (1964); Wilson v. Iowa State Highway Commission, 249 Iowa 994, 90 N.W.2d 161, 169 (1958).

#### ❖ Loss of good will in business (State does not acquire business interest)

Basis:

Kurth v. Iowa Department of Transportation, 628 N.W.2d 1 (Iowa 2001); Post-Newsweek Cable, Inc. v. Board of Review; 497 N.W.2d 810 (Iowa 1993); *Nichols on Eminent Domain*, Vol. 4, §13.13[2]; Am. Jur. 2d. Eminent Domain, §335.

- ❖ Inconvenience during construction including temporary loss of business  
Basis:  
Wilson v. Iowa State Highway Commission, 249 Iowa 994, 90 N.W.2d 161, 169 (1958); Blank v. Iowa State Highway Commission, 252 Iowa 1128, 109 N.W.2d 713 (1961).
- ❖ Loss of sentimental value  
Basis:  
Iowa Civil Jury Instructions 2500.4; Nidy and Company v. State, 189 N.W.2d 583 (Iowa 1971); Stortenbecker v. Iowa Power & Light Co., 96 N.W.2d 468 (Iowa 1959); Hamer v. Iowa State Highway Commission, 98 N.W.2d 746 (Iowa 1959).
- ❖ Change in volume or rerouting of highway traffic  
Basis:  
Grove & Burke, Inc. v. City of Fort Dodge, 469 N.W.2d 703 (Iowa 1991); Wilson v. Iowa State Highway Commission, 249 Iowa 994, 90 N.W.2d 161 (1958)
- ❖ Construction of only median or dividing strips to control traffic  
Basis:  
Simkins v. City of Davenport, 232 N.W.2d 561 (Iowa 1975).
- ❖ Loss of any existing private use of a portion of highway or established right of way  
Basis:  
Richardson v. Derry, 284 N.W. 82 (Iowa 1939).
- ❖ Loss or cost of removing improvements located on present established right of way, except where such use is allowed by prior contract, deed or condemnation reservation  
Basis:  
Richardson v. Derry, 284 N.W. 82 (Iowa 1939); DePenning v. Iowa Power & Light Co., 33 N.W.2d 503 (Iowa 1948); Fanning v. Mapco, Inc., 181 N.W.2d 190 (Iowa 1970); Moran v. Iowa State Highway Commission, 274 N.W. 59 (Iowa 1937).
- ❖ Circuity of travel  
Basis:  
Hinrichs v. ISHC, 152 N.W.2d 248 (Iowa 1967); Nelson v. Iowa State Highway Commission, 253 Iowa 1248, 115 N.W.2d 695 (1962); Warren v. Iowa State Highway Commission, 250 Iowa 473, 93 N.W.2d 60 (1958).

- ❖ Any injury suffered in common with the community and not peculiar to the subject property  
Basis:  
Hinrichs v. ISHC, 152 N.W.2d 248 (Iowa 1967); Nadler v. City of Mason City, 387 N.W.2d 587 (Iowa 1986).
- ❖ Damage items considered to be remote, speculative or contingent  
Basis:  
Randell v. Iowa State Highway Commission, 241 N.W. 685 (Iowa 1932).
- ❖ Denial of access to a newly created highway that did not previously exist  
Basis:  
Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959).
- ❖ Owners inability to locate an acceptable substitute property or location  
Basis:  
City of Des Moines v. Wizer, Inc., 446 N.W.2d 289 (Iowa 1989).
- ❖ Loss, damage or reduction in value of personal property and moving payments. (See Page 69, “Relocation Assistance and Payments”)  
Basis:  
Interstate Finance Co. v. Iowa City, 149 N.W.2d 308 (Iowa 1967); Nidy and Company v. State, 189 N.W.2d 583 (Iowa 1971); Cahill v. Cedar County, Iowa, 367 F. Supp. 39 (N.D. Iowa 1973); *Iowa Code* Section 316.2(3); *Iowa Code* Section 6B.42.

As part of the appraiser’s analysis of the appraisal problem, the appraiser shall consider all potential items of damage. The appraiser shall determine if a potential claim for damages to remaining real property has been considered and compensated in the after value or in the value of remaining land or if the potential claim for damages would either allow duplicative recovery or would make payment for non-compensable items of damage.

#### ➤ Personal Property

It is important to have a good understanding of which items are considered as personal property and which are considered as the real property to be acquired.

Iowa law is not very clear about the distinction between personal and real property. In general, a fixture or piece of equipment is considered to be real property if:

- ❖ Its removal would be injurious to the structural integrity of the building, structure or other permanent improvement; or

- ❖ A typical buyer of the real property would consider the item to be part of the real property; or
- ❖ The item cannot be removed without injuring the structural integrity of a building, structure or other permanent improvement.

It is critical that an understanding be reached among the Appraisal, Relocation and Acquisition Sections before problems develop. Up-front planning and communication is very important to ensure a quality appraisal, successful negotiations and relocation activities that are in the best interest of the property owner. Typically, Relocation Assistance will reimburse the owner for the cost of moving the personal property.

➤ Pending--See Easements

➤ Property Unit - Larger Parcel - Parent Tract--Synonymous terms

The owner of each eminent domain parcel is entitled to a separate award. Public acquisition authorities that exercise the powers of eminent domain are bound by constitution and statutes to offer to pay just compensation. Landowners are entitled to be paid for not only the land or property rights acquired, but also for damages caused to the remaining property. The purpose of the damage to remaining property element of just compensation is to make the property owner whole by compensating for the injury to the entire property.

The appraiser must consider all the capabilities of the property as to the business or use to which the property has been devoted, and of any and every use to which it may reasonably be adapted or applied.

The larger leasehold and/or operating unit parcel shall incorporate all contiguous real estate, or real estate in reasonable proximity thereto, that is under the same ownership, or leasehold and operated as an assembled economic unit. To do so, the appraiser must consider:

- ❖ If the tract being acquired, either in whole or in part, has an enhanced or special value because of its use as a part of the assembled economic unit that can not be readily replaced by the owners' purchase of a replacement tract; or,
- ❖ Alternatively, do tracts not being acquired lose any special value as part of an assembled economic unit that cannot be readily replaced by purchase of a tract similar to the tract being acquired?

If either consideration is the case, the appraiser and appraisal reviewer must each include an allocation of value to the various tracts in their respective reports.

In determining the larger parcel or parent tract, roads and physical separations do not alone prevent non-contiguous tracts from being a single eminent domain parcel. Two tracts separated by a highway, but devoted to one actual and permanent use, are considered as one parcel for eminent domain purposes.

The appraiser must consider how the parcel is being used in order to determine the entire or remaining parcel. If the property being acquired is being used along with other property as an assembled economic unit, it is effectively owned and operated by the same person or entity so that they have a special value because of their unified use. They collectively constitute the larger parent, or before parcel.

It is considered as one parcel even if one of the tracts of a leasehold and/or operating unit is being purchased from a third party on contract as long as all the tracts are being operated as an assembled economic unit. The fee owner is holding title as security for the payment of the purchase price by the contract buyer. Thus, the fee owner holds an interest in the form of a lien. The fact that the acquiring authority must use a separate transfer document to obtain the signature from the contract seller does not change this result.

A husband and wife are considered as one entity. All properties that are recorded as owned either individually or in combination by either of them, and operated as a single unit, shall be considered as one parcel.

For eminent domain purposes, a business operating on three tracts, where two tracts are in the name of the husband and the third is in the name of the husband and wife, is one parcel.

Basis:

Crist v. Iowa State Highway Commission, 123 N.W.2d 424 (Iowa 1963))

An assembled economic unit is an eminent domain parcel even when the ownership interest in one of the tracts is limited to a lease.

Basis:

Wilkes v. Iowa State Highway Commission, 172 N.W.2d 790 (Iowa 1969);  
Estelle v. Iowa State Highway Commission, 119 N.W.2d 900 (Iowa 1963).

Land areas which are considered as wetlands, forests or conservation areas, etc., and/or, are identified as environmentally sensitive lands, restricted as to development, may or may not be considered as separate parcels. All elements of the restricted use must be considered. Sometimes these lands may be incorporated in a development plan to yield a higher density of development for adjacent developable land. See *Iowa Code* Section 314.23.

A legal description of the part of a property being acquired for the project (the design parcel) may be considered as the parcel in the case of temporary and minor acquisitions.



In instances where the extent of the property unit is unclear, the Chief Appraiser may provide instructions as to what constitutes the property unit to be considered.

➤ Public Utility Lines

The required relocation of water, gas, sewer or electric lines owned by a utility company or public body and located in existing or future right of way will not be considered in the appraisal.

➤ Relocation Assistance and Payments

Relocation Assistance and Payments are provided pursuant to Iowa Code Chapter 316. Iowa eminent domain acquisitions that involve the displacement of persons must also provide relocation assistance as required by *Iowa Code* Section 6B.42. This is required regardless of whether the project is funded either by federal, state or local funding, or any combination thereof.

In order to prevent unjust enrichment or duplication of payments, there should be no consideration in the appraisal of items and situations covered by Relocation Assistance.

The appraiser should have a basic understanding of the scope of costs that are covered by the Iowa Department of Transportation's Relocation Assistance Program.

Although the Relocation Assistance Manual and/or Relocation Assistance Supervisor should be consulted for an in-depth discussion of the program, **none of the following relocation assistance costs should be considered in the appraisal report.**

Moving and Related Expenses

- ❖ The actual, reasonable and necessary costs to disconnect, move and re-connect personal property.
- ❖ Payment for actual direct loss of tangible personal property. Generally, this is personal property made obsolete because of the acquisition where the value-in-place is less than the cost to move.
- ❖ The purchase of substitute personal property, storage expenses for personal property, business re-establishment expenses and expenses incurred in searching for a replacement property.

### Replacement Housing Costs for Homeowner-Occupants

- ❖ The supplemental payment which, when added to the amount paid for the acquired residence, is equal to the reasonable cost of a comparable replacement residence.
- ❖ Increased interest costs.
- ❖ Actual reasonable and necessary expenses incidental to the purchase of a replacement residence. Incidental expenses associated with the acquired residence are also paid by the Iowa Department of transportation, but not under the relocation assistance program.

### Replacement Housing Costs for Tenant-Occupants and Certain Others

- ❖ The supplemental payment which, when added to the monthly rent paid for the acquired residence, times 42 months, is equal to the reasonable rental cost for a comparable rental unit, with certain caveats, **OR**
- ❖ A payment to make a down payment for the purchase of a qualifying residence.

For specifics, see the Right of Way Relocation Assistance Manual. For additional clarification, or further information, contact the Chief Appraiser.

### ➤ Residential Portion

The appraiser or review appraiser may be requested by the Relocation Assistance Supervisor to determine the estimated acquisition cost of a displacement dwelling. This most often occurs when an owner resides in a mixed use or multi-family property. The appraiser is no longer to estimate the value of residential portion of the acquisition (building, septic system, and well) on a typical lot. The appraiser must determine "that portion of the acquisition payment which is actually attributable to the displacement dwelling".

If the displacement property is appraised and acquired based on a highest and best use other than residential, such as vacant commercial, the acquisition price of the residential portion is the per unit price applied to the square footage that is considered to be typical for a residential site.

Examples:

If the displacement dwelling is located on a 30,000 square foot lot that is appraised based on the determination that the property has a highest and best use for vacant commercial development and is purchased for \$3.00 per square foot.

Also, that the typical residential site size in the area is 10,000 square feet. The acquisition price of the residential portion in this case would be 10,000 (sq. ft.) x \$3.00 per sq. ft., or \$30,000.

If the displacement dwelling is part of a commercial building which is valued at \$25 per square foot of building including land, the value of the residential portion is determined by multiplying the residential square footage by the determined per square foot value of \$25. Say, the displacement dwelling contains 1,000 square feet and is a part of a commercial building containing 5,000 square feet. The total building value, at \$25 per square foot of building including land, is \$125,000. The value of the residential portion is \$25,000.

If you are unsure of any of these determinations, consult with the Chief Appraiser or the Relocation Assistance Supervisor.

#### ➤ Revisions (Design and Title)

When minor changes in the right of way or construction design are desired, parcel division is required, or a change in ownership is to be reported, the appraiser shall file a form 633-021, "Request for R.O.W. Design Revision" with Right of Way Design Supervisor. The request should be supported by explanatory materials.

#### ➤ Rounding of Values

Appraisers should minimize rounding within the calculations of an individual approach to value, however, the FINAL VALUE ESTIMATE SHOULD REFLECT A REASONABLE DEGREE OF ROUNDING. The conclusion of value should reflect common pricing practices in the market area for that type of property. (eg. do not use hundreds, tens, ones, or cents as the rounding point unless the typical market sales indicate that this is in fact where purchasers are themselves rounding)

#### ➤ Septic System

In any situation where the proposed right of way acquisition, either permanent or temporary, interferes with the function of a septic system, the appraiser is to determine and document the necessity and degree of cure required. The appraiser will investigate local health rules, interview the local health officer and document the position utilized.

The Iowa DOT does not assume responsibility for, or pay damages to correct illegal septic systems. The State of Iowa should not be held financially responsible for costs to bring systems into compliance, if the systems are illegal or non-conforming under current regulations.

Any cost to cure for a legal conforming system shall be documented by a detailed contractor's estimate and clearly stated within the appraisal report. This estimate becomes a maximum amount to be paid by the Agency for correction of the septic system. The owner will be reimbursed for actual costs, upon receipt by the Agency of a contractor's statement, following completion of the cost to cure.

Each septic system situation must be considered on an individual basis, as determined by the appraiser. As required, advice and assistance will be provided in order to seek an appropriate solution.

#### ➤ Title and Ownership Verification

Ownership and leasehold data furnished to the appraiser in parcel files may be incomplete or outdated. The appraiser has the responsibility to determine the true extent of the unit that will be appraised and provide a complete and accurate listing of the titleholders and lessees and their addresses. This can best be accomplished during the interview of the property owner and/or operator. If the unit or title is different from that furnished in the parcel files, the appraiser shall secure the proper data from available records. This data is to be delivered to the Right of Way Design Supervisor for use in correcting office records. If the appraiser has any doubt as to what constitutes the property unit, the Chief Appraiser should be consulted before proceeding with the appraisal.

#### ➤ Underground Lines

All privately owned water lines, utility lines or other service lines crossing existing primary road, county road or city street right of way, either with or without a permit, shall be relocated at owner's expense. This includes crossing lines which lie in the additional right of way to be acquired.

Where the lines lie totally on private property approximately parallel to the existing right of way, their acquisition shall be considered as an element of damage and compensation may be based upon a "cost to cure" to relocate.

Where a relocated highway crosses existing private lines, and when regulations will permit such continued line crossing, the cost of relaying lines in compliance with Iowa DOT specifications shall be considered as an element of damage. If it is not possible to allow the lines to remain or be reestablished, the damages caused by their loss shall be considered.

Privately owned underground lines located in temporary easement areas shall be compensated for based on a cost-to-cure, if they are damaged.

➤ Uneconomic Remnant

An uneconomic remnant is defined as “a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner’s property, and which the acquiring agency has determined has little or no value to the owner”.

A tract is considered to be an uneconomic remnant if it is not economically feasible to continue the use of this tract by itself, or as a part of a larger separated remainder, because of its size, shape, access, change of use, or other detrimental characteristics resulting from the acquisition.

The determination may be made during the Design, Appraisal or Acquisition activities of the right of way process, but will generally occur during the appraisal/appraisal review or acquisition activities.

The appraiser or review appraiser should notify the Chief Appraiser or the Appraisal Production Coordinator, when a potential uneconomic remnant is found. The Right of Way Director will be informed and the decision whether to offer to acquire the remnant will be made, except when the decision would conflict with or compromise the provisions of other Federal or State law or regulation.

If a remainder or part of a remainder is determined to be an uneconomic remnant, revised property plats will be furnished to the appraiser and placed in the parcel file.

➤ Units of Comparison (Taxable Acres)

Units of comparison are the components into which a property may be divided for purposes of comparison. The Iowa DOT Design Section furnishes property areas based on County Assessor’s calculations which are expressed in terms of taxable acres or taxable square footage.

In the analysis of sales of comparable properties, the appraiser should express sale prices in terms of the appropriate sale price per taxable acre or taxable square foot.

➤ Valuation of Minor Items

One area of significant difficulty in appraisal of partial acquisitions is the valuation of minor items. When determining the value of any real property improvements to be acquired, the appraiser is to value those items that contribute to the overall value of the property. With some real property items, the item's cost (less depreciation) can be a valid measure of the contributory value.

Properties with varying numbers of trees do not sell for amounts in direct relationship to the difference in the number of trees. Differences in landscaping, unless they are highly

significant, (such as none as compared to a property with beautiful, manicured professional site improvements) are frequently not recognized by the market. It is frequently difficult to measure the contributory value of various items of landscaping.

The cost of a replacement tree (or other landscaping or type of site improvement) of equal size and growth, installed on remainder property, as determined from a nursery, is generally not a reasonable measure of a tree's value in place. When the improvement whose value is enhanced by the trees or landscaping is acquired, the trees or landscaping may have no recognizable value standing alone after the acquisition.

The value of trees and/or landscaping will ultimately be supported primarily by the appraiser's experience, sound judgment, and reason.

➤ Wagon, Tractor and Stock Passes

When acquired and not replaced in new construction, passes shall be valued as to their contribution to the market value of the property before the acquisition. Passes are not typically included in new construction, except as an alternate use of a necessary drainage or bridge structure. New passes may be constructed only at no cost to the state.

➤ Wells, Primary

When a well that is the primary water supply for subject is to be acquired or otherwise rendered unusable by the right of way acquisition, the appraisal shall be on a cost-to-cure basis.

A well contractor is to be hired to test the capacity of the well and the quality of the water. The contractor is to determine the gallons pumped per minute. A water sample will be taken and sent to a qualified laboratory to determine the bacterial and nitrate level. The intent is to have a benchmark for a new water source. This should help to reduce the number of claims of poor quality or low water volume in a new replacement well. The charges for the two tests completed by the well contractor can be submitted to IDOT for payment.

➤ Wells, Secondary

If the property appraised has more than one well and the well acquired is a secondary water supply, the appraiser must determine whether the remaining water supply is adequate for the continued use of the remainder property. If the water supply is not adequate, the appraisal shall be based on the cost-to-cure to replace the well with one that will produce potable water in sufficient quantity to supply the unmet needs of the

remainder property. If the remaining water supply is adequate, the appraisal shall only include the contributory value of the well acquired.

# ***APPRAISAL REVIEW PROCEDURES***

## ***DEFINITIONS***

### **➤ Appraisal Review**

An appraisal review is an examination and determination by a review appraiser that the form and content of an appraisal conforms with the requirements of law, rule, and this manual; and that estimates of market value and just compensation are comprehensive, supported by the real estate or personal property market data, and are a reasonable compensation for the loss in property value and/or damages. The review may include an independent analysis of data from submitted appraisal report(s) and other gathered data, reaching an independent estimate of fair and reasonable "just compensation". When completed by a staff review appraiser, the finding is also a final determination of the amount to be offered by the Agency as "Just Compensation".

### **➤ Review Appraiser**

A review appraiser is an individual with the Agency delegated administrative responsibility to ascertain final determinations, to accept appraisals, to approve appraisal estimates of just compensation and, if an Agency review appraiser, to establish an amount to be offered by the Agency as "Just Compensation".

## ***FUNCTION AND PURPOSE OF REVIEW***

### **➤ To protect the interests of the public**

A qualified review appraiser should examine all appraisals to estimate the amount to be offered by the Agency as just compensation, to assure that they are fair, reasonable and meet applicable appraisal requirements.

### **➤ To protect the interests of the property owner**

The review appraiser must also assure the appraisal analysis is fair and reasonable as it relates to the effect of the proposed acquisition on the remaining property. This includes review for the existence of uneconomic remnants.

### **➤ To provide an approved estimate of just compensation**

An Iowa DOT review appraiser or Local Public Agency review appraiser or Administrator using appraisals and other data as required, shall establish an estimate of just compensation to be offered for the purchase of property under eminent domain.



- To provide consistency of values

In projects involving multiple properties and/or ownerships, the review appraiser is to maintain a logical consistency from property to property in the amounts paid for land, improvements and damages. Of special concern are projects using more than one appraiser and the differences resulting from the independent analysis of neighboring properties.

- To maintain a high quality appraisal product

Prior to the acceptance of an appraisal, the review appraiser shall request the appraiser to make all necessary corrections and revisions. The review appraiser may provide technical advice and instruction, or other training, in order to improve the appraiser's technique and ability. The review appraiser may recommend reference material or courses of study to improve an appraiser's product. At the conclusion of a project the review appraiser will issue a written critique of the appraiser's performance as an aid to the appraiser and to the Agency administration.

## *REVIEW APPRAISER'S DUTIES*

- REPORT REVIEW AND ACCEPTANCE

The review appraiser independently performs a review of all appraisals and other reports submitted to determine the soundness of the appraiser's opinion of fair market value, adequacy of the appraiser's supporting data and documentation, the logic of appraiser's analysis, whether the appraisal report conforms to the provisions of this manual, if adequate consideration was given to all compensable items of damage, and, to verify the exclusion of items non-compensable under Iowa law.

The appraisal review function consists of an all-inclusive evaluation of appraisals. Factually presented data and calculations may be spot checked for accuracy (sometimes by a subordinate technician). Appraisal reports are to be critically evaluated in all respects with validity and reasonableness of the estimate of just compensation being a principal focal point. Subject properties should be inspected by the review appraiser along with the comparable sales and other data presented in the appraisal report.

If additional documentation, correction, or revision to an appraisal report is required, the review appraiser may return the appraisal report and require the appraiser to make the appropriate changes before resubmitting for continued review. When returning the appraisal report, the appraiser must be made clearly aware of the issues found by the review appraiser and clarifications, corrections or additions requested. This may be done either by letter or verbally with a memo to file. If there is insufficient time to allow the appraiser to make changes or when the review appraiser and appraiser are not in agreement, the review appraiser shall provide the corrections or additions necessary, as part of the written review.

The review appraiser shall reject, accept or approve appraisals submitted and shall approve an estimate of just compensation for the property under appraisal. The approved value may be the same or different from that of the appraisal report. When a value different from that of the appraisal is approved, the review appraiser's report shall document the new estimate of value. The review appraiser may accept all, or parts of one or more of the submitted appraisal reports, or reject the same depending upon his/her independent findings and conclusions. The review appraiser may accept or reject the appraisal reports in total. When the reviewer establishes an independent value conclusion in lieu of approving the value conclusion of a submitted appraisal report, he/she becomes the appraiser, but no subsequent independent appraisal review is required. The review appraiser will discuss the appraisal deficiencies with the appraiser prior to establishing an independent value estimate.

#### ➤ ESTIMATE OF JUST COMPENSATION

An Iowa DOT review appraiser or Local Public Agency review appraiser has the authority and responsibility to independently approve an estimate of just compensation for the acquisition of property.

The approved value may be the same or different from that of the appraisal report. When a value different from that of an appraisal report is approved, the review report shall document a new estimate of just compensation.

On the basis of additional information, the reviewer may subsequently adjust the approved estimate of just compensation by preparation of a new review report giving reasons for changes made. An appraisal prepared for property owners and submitted to the Agency may also be considered when the review appraiser reconsiders the approved estimate of just compensation.

A Contract Review Appraiser may provide appraisal acceptance and fair market value appraisal review determination, **but the Agency remains responsible for the final determination of the amount to be offered as just compensation.**

#### ➤ ALLOCATION OF JUST COMPENSATION

*Iowa Code* Section 6B.45 requires that the property owner be provided an "itemization of appraised value of real property or interest therein, any buildings thereon, all other improvements including fences, severance damages and loss of access". The review appraiser is to allocate an estimate of just compensation, concluded in a Detailed Appraisal (Before and After) or a Value Finding Appraisal, into the categories noted on Form 633-102, "Allocation of Just Compensation". The allocation is to be based upon either the appraiser's conclusions and opinions stated in the report, or the review appraiser's interpretation of the market data.

This form must be completed and included in all appraisal review reports that involve a partial acquisition. The total estimate of just compensation indicated on this form must be the same as that indicated on Form 633-101 (Appraisal) or 401 (Residential Appraisal).

**The Allocation of Just Compensation is not part of the appraisal process, but is to be completed after the appraisal is completed.** The form serves to provide for statutory and accounting requirements.

#### ➤ WRITTEN REVIEW

The review appraiser shall prepare a written appraisal review for each parcel where an acquisition appraisal has been prepared. Review Form 633-501 shall be used. All information requested in that form shall be furnished, or be indicated as not applicable. Immediately following the written narrative portion of the report, the form shall be signed by the review appraiser and dated.

The review appraiser's report shall identify the appraisal reports reviewed, document the findings and conclusions reached during the review process and identify each appraisal report as rejected, accepted (meets all requirements, but not selected as approved) or approved as the basis for the amount believed to be just compensation.

The review appraiser should not sign an approval box at any place on the acquisition appraisal. It should be noted that a signature at any place on the acquisition appraisal may hold that signatory fully responsible for the appraisal.

A signed and dated "Certificate of Appraisal Reviewer", Form 633-502 shall be furnished on all appraised parcels.

When one of two or more appraisal estimates or a value different from that of any appraisal report is approved, the review appraiser's report shall explain the estimate of just compensation. If the review appraiser's own value is approved, the review appraiser shall prepare Appraisal Form 633-101, sign it as the review appraiser, and place a copy in both the office and field files. No subsequent review is required.

When written reviews are prepared, an original and one copy of the review report, together with certification, shall be furnished. The original copy is to be bound in the permanent office file and one copy placed in the field file and forwarded to the negotiator.

## *SUGGESTED APPRAISAL REVIEW PROCEDURE*

- ❖ Ensure the inclusion of required forms, addenda and exhibits.
- ❖ Ensure the calculations and mathematical procedures are correct.
- ❖ Physically examine the subject and all the primary market comparables cited.
- ❖ Analyze the data and conclusions for adequacy, logic and procedure.
- ❖ Determine if the appraisal adequately addresses issues.
- ❖ Compare the documentation and report requirements with those in the appraisal.
- ❖ Determine if the manual requirements and contract instructions have been fulfilled.
- ❖ Determine if there are uneconomic remnants.
- ❖ Determine if any non-compensable items have been included in the report.
- ❖ Reach an independent opinion of the probable range of market value and just compensation, confirming or refuting the value(s) in appraisal.
- ❖ Seek clarifications or corrections. (Return all copies of appraisal.)
- ❖ Reexamine the corrected appraisal.
- ❖ Examine specialty reports. Check for sufficient identification for each item noted.
- ❖ Determine if a monetary duplication between the appraisal and specialty reports exists.
- ❖ Write the appraisal review confirming an amount to be offered as just compensation and noting the relationship between the specialty report and the appraisal. Complete a new Form 633-101 if required, to incorporate the appraisal and specialty report.
- ❖ Complete the required Appraisal Review Forms. When approving one of two or more appraisal reports, give specific reasoning for selection.
- ❖ Complete Form 633-102 "Allocation of Just Compensation" for inclusion in the Review Appraiser's Report.

- ❖ Prepare residential portion breakouts for Relocation Assistance use and an estimate of economic rent, if requested.
- ❖ Transmit completed files to the party responsible for acquisition activities.
- ❖ Write the Appraiser's Critique, placing one copy in the Appraisal Project File, and mailing one copy to the Appraiser.
- ❖ Retain copies of review notes, reports, letters and critiques for personal files. Retain copies of any item or document considered of crucial importance in the event of future reference need.

## *DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION*

The State of Iowa's goal for participation by Disadvantaged Business Enterprises (DBE's) on any federally funded contracts or projects for professional services will be the annual goal as established by the Director of the Office of Contracts for the Iowa DOT.

Recognizing that federally funded right of way acquisition contracts for appraisal services do not lend themselves to subcontracting, the following "good-faith effort" procedure is required.

- Obtain names of qualified DBE appraisers from Office of Contracts or advertise in general circulation, trade association and minority-focus media. Qualification of DBE appraisers responding to advertisements must be determined by the Office of Contracts and the Office of Right of Way, if not on approved list.
- Notify qualified DBE appraisers of any future contracts for appraisal services. Preferably, this should be on a personal basis, as in a telephone contact, and in sufficient time to allow the DBE to participate effectively.
- Solicit bids from these qualified DBE appraisers on each Federal aid right of way project.
- Document all "good-faith effort" procedures for each Federal-aid right of way project by copies of correspondence and replies in the project general file. This should include written notes to document personal and/or telephone contacts with any DBE.

This procedure replaces the need to set individual DBE goals on appraisal services for each project and replaces the need to request individual approvals from the Iowa DOT.

Cities with only an occasional federally funded appraisal service contract are to provide the Office of Local Systems a letter, after appraisal contracts are awarded, certifying that they followed the "good-faith effort" procedure, and list actual dollar amount awarded for these services and amount (if any) awarded to DBE's.

Cities which may be continuously involved in this process are to provide the letter of certification and actual amounts on a semiannual basis prior to March 31 and September 30. The letter should document individual Federal aid right of way projects and actual total amount awarded to qualified DBE appraisers.

## APPENDIX

### By Exhibit Number

Form 633-101 – Appraisal Report (Iowa DOT Logo)	
Detailed – Fee .....	Exhibit 1-1
Detailed – Permanent Easement .....	Exhibit 1-2
Detailed – Fee and Permanent Easement .....	Exhibit 1-3
Value Finding – Fee .....	Exhibit 1-4
Value Finding – Permanent Easement .....	Exhibit 1-5
Value Finding – Fee and Permanent Easement .....	Exhibit 1-6
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4
Form 633-401 – Residential Appraisal Report (Iowa DOT Logo).....	Exhibit 5
Form 633-701 – Appraisal of Sign or Billboard (Iowa DOT Logo).....	Exhibit 6
Form 632-052 – Record of Contacts (All Appraisals-Include in File).....	Exhibit 7
Form 633-210 – Comparable Sale Data (Rural) .....	Exhibit 8
Form 633-215 – Comparable Sale Data (Urban or Residential) .....	Exhibit 9
Form 633-301 – Supplemental to Appraisal (Minor Revision).....	Exhibit 10
Form 633-501 – Review Appraiser’s Report .....	Exhibit 11
Form 633-102 – Allocation of Just Compensation (Needed for Partial Acquisitions).....	Exhibit 12
Form 633-502 – Certificate of Review Appraiser.....	Exhibit 13
Appraisal Report	
Detailed – Fee.....	Exhibit 14-1
Detailed – Permanent Easement .....	Exhibit 14-2
Detailed – Fee and Permanent Easement .....	Exhibit 14-3
Value Finding – Fee .....	Exhibit 14-4
Value Finding – Permanent Easement.....	Exhibit 14-5
Value Finding – Fee and Permanent Easement .....	Exhibit 14-6

Residential Appraisal Report .....	Exhibit	15
Appraisal of Sign or Billboard .....	Exhibit	16
Review Appraiser's Report .....	Exhibit	17
Certificate of Review Appraiser .....	Exhibit	18
Instructional Legal Appendix .....	Exhibit	19
Sample of Transmittal Letter .....	Exhibit	20
Summary of Proposed Acquisition Explanation (From R/W Design Section) .....	Exhibit	21



## **APPENDIX**

### **By Function & Purpose**

#### **Iowa DOT Detailed Appraisal Reports**

Form 633-101 – Appraisal Report (Iowa DOT Logo)	
Fee.....	Exhibit 1-1
Permanent Easement.....	Exhibit 1-2
Fee and Permanent Easement.....	Exhibit 1-3
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

#### **Iowa DOT Value Finding Appraisal Reports**

Form 633-101 – Appraisal Report (Iowa DOT Logo)	
Fee.....	Exhibit 1-4
Permanent Easement.....	Exhibit 1-5
Fee and Permanent Easement.....	Exhibit 1-6
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

#### **Iowa DOT Residential Appraisal Reports**

Form 633-401 – Residential Appraisal Report (Iowa DOT Logo).....	Exhibit 5
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

#### **Iowa DOT Appraisal of Advertising Device**

Form 633-701 – Appraisal of Sign or Billboard (Iowa DOT Logo).....	Exhibit 6
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

**Iowa DOT Miscellaneous Appraisal Forms**

Form 632-052 – Record of Contacts (All Appraisals-Include in File).....	Exhibit 7
Form 633-210 – Comparable Sale Data (Rural) .....	Exhibit 8
Form 633-215 – Comparable Sale Data (Urban or Residential) .....	Exhibit 9
Form 633-301 – Supplemental to Appraisal (Minor Revision).....	Exhibit 10

**Iowa DOT Appraisal Reviews**

Form 633-501 – Review Appraiser’s Report.....	Exhibit 11
Form 633-102 – Allocation of Just Compensation (Needed for Partial Acquisitions).....	Exhibit 12
Form 633-502 – Certificate of Review Appraiser.....	Exhibit 13

**Non-Iowa DOT Eminent Domain Detailed Appraisal Reports**

Appraisal Report	
Fee.....	Exhibit 14-1
Permanent Easement.....	Exhibit 14-2
Fee and Permanent Easement.....	Exhibit 14-3
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

**Non-Iowa DOT Eminent Domain Value Finding Appraisal Reports**

Appraisal Report	
Fee.....	Exhibit 14-4
Permanent Easement.....	Exhibit 14-5
Fee and Permanent Easement.....	Exhibit 14-6
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

**Non-Iowa DOT Eminent Domain Residential Appraisal Report**

Residential Appraisal Report .....	Exhibit 15
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

**Non-Iowa DOT Appraisal of Advertising Device**

Appraisal of Sign or Billboard .....	Exhibit 16
Form 633-204 – Certificate of Appraiser .....	Exhibit 2
Form 633-205 – Purpose, Definitions, Title, etc.....	Exhibit 3
Form 633-206 – Assumptions and Limiting Conditions .....	Exhibit 4

**Non-Iowa DOT Eminent Domain Appraisal Reviews**

Review Appraiser’s Report.....	Exhibit 17
Form 633-102 – Allocation of Just Compensation (Needed for Partial Acquisitions).....	Exhibit 12
Certificate of Review Appraiser.....	Exhibit 18
Instructional Legal Appendix .....	Exhibit 19
Sample of Transmittal Letter.....	Exhibit 20
Summary of Proposed Acquisition Explanation .....	Exhibit 21



**EMINENT DOMAIN DETAILED APPRAISAL REPORT**  
**Fee Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_  
taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway  
purposes consists of \_\_\_\_\_ acres by fee title.

The present zoning is \_\_\_\_\_ and its  
present use is \_\_\_\_\_. The property is appraised on the basis of  
its highest and best use for \_\_\_\_\_ before the acquisition and  
\_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

Value of the entire property before acquisition is: \$ 0.00

Value of the remaining property after acquisition is: \$ 0.00

The estimate of just compensation\* is: \$ 0.00

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed  
schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser



## EMINENT DOMAIN DETAILED APPRAISAL REPORT

### Permanent Easement Acquisition

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

#### MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Value of the entire property before acquisition is: \$ 0.00

Value of the remaining property after acquisition is: \$ 0.00

The estimate of just compensation\* is: \$ 0.00

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser





# EMINENT DOMAIN DETAILED APPRAISAL REPORT

## Fee and Permanent Easement Acquisition

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by fee title and \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

### MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Value of the entire property before acquisition is: \$ 0.00

Value of the remaining property after acquisition is: \$ 0.00

The estimate of just compensation\* is: \$ 0.00

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser



**EMINENT DOMAIN VALUE FINDING REPORT**  
**Fee Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by fee title.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

The estimate of just compensation\* is: \$ \_\_\_\_\_

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_  
Appraiser



**EMINENT DOMAIN VALUE FINDING REPORT**  
**Permanent Easement Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_  
taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway  
purposes consists of \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its  
present use is \_\_\_\_\_. The property is appraised on the basis of  
its highest and best use for \_\_\_\_\_ before the acquisition and  
\_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

The estimate of just compensation\* is: \$ \_\_\_\_\_

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed  
schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_  
Appraiser



**EMINENT DOMAIN VALUE FINDING REPORT**  
**Fee and Permanent Easement Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by fee title and \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

The estimate of just compensation\* is: \$ \_\_\_\_\_

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_  
Appraiser





**CERTIFICATION OF APPRAISER**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

I hereby certify:

That I have personally made a field inspection of the property herein appraised and that I have afforded the property owner or authorized representative the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and comparable sales relied upon in preparing this appraisal are as represented by the photographs supplied.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.

That I understand the intended use of this appraisal is for eminent domain related acquisition of property by the State of Iowa.

This appraisal was prepared according to the contract/assignment from the Iowa Department of Transportation. The appraisal is prepared under the Jurisdictional Exception provision contained in the Uniform Standards of Professional Appraisal Practice (USPAP). In preparing the appraisal; I have conformed with all parts of USPAP except those that are contrary to State and Federal requirements.

This eminent domain appraisal has been completed under the following appraisal requirements

- The Iowa Constitution, Article 1, Section 18
- Code of Iowa, Chapters 6A, 6B, 316 and other eminent domain statutes
- Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- Regulations 761, IAC 111
- Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported therein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of the appraisal to anyone other than the proper officials of the Iowa Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized, or until I am required to do so by due process of law, or until I am released from the obligation by having publicly testified as to such findings.

That I am aware the Iowa Department of Transportation will provide a copy of this appraisal to the property owner or their designee.

That the conclusion set forth in this appraisal is my independent opinion of the difference between the fair market value of this property immediately before and immediately after the proposed acquisition.

As of \_\_\_\_\_, \_\_\_\_\_, the estimate of just compensation is \$ \_\_\_\_\_.

Date of Signature \_\_\_\_\_

Signature \_\_\_\_\_  
Appraiser



Project No. \_\_\_\_\_

Parcel No. \_\_\_\_\_

**PURPOSE OF THIS APPRAISAL:**

To estimate the market value of the ownership interest, and the leasehold interest if any, in this property before the proposed acquisition and the market value of the same interest in the remainder property immediately after the proposed acquisition. In case the proposed acquisition causes only limited damage, the purpose is to estimate just compensation resulting from the acquisition, without reporting before and after values.

**DEFINITION OF MARKET VALUE:**

The cash price which would be arrived at as between a voluntary seller willing but not compelled to sell and a voluntary purchaser willing but not compelled to buy, both of whom are acting freely, intelligently and at arm's length, bargaining in the open market for the sale and purchase of the real estate in question. (State of Iowa Uniform Jury Instruction No. 14.4)

**DEFINITION OF HIGHEST AND BEST USE:**

The utilization of a property to its best and most profitable use. It is that use, chosen from among the reasonably probable and financially feasible alternative uses which is found to be physically practical, legally acceptable and which results in the highest present value, as defined, as of the effective date of the appraisal.

**HAZARDOUS SUBSTANCE CONTAMINATION:**

The appraiser observed the following signs of possible contamination: ☐ None, ☐ As described

**FIVE YEAR DELINIATION OF TITLE: (If none, so state)**

Grantor	Grantee	Type of Instr.	Date of Instr.	Book	Page	Sales Price

**LEASES: (Lessee's Name, Address and Lease Terms)****DATE OF INSPECTION AND INVITATION:**

I offered \_\_\_\_\_ who is the \_\_\_\_\_ an opportunity to accompany me on my inspection of this property by ☐ personal contact  
☐ telephone ☐ letter on \_\_\_\_\_, \_\_\_\_\_. This invitation was ☐ accepted ☐ declined.

Telephone number of owner or representative contacted: \_\_\_\_\_

I personally inspected the subject property on \_\_\_\_\_, \_\_\_\_\_. \_\_\_\_\_



**ASSUMPTIONS AND LIMITING CONDITIONS**

1. The photographs contained in the individual appraisal reports were taken by the appraiser on the date the property was inspected. Any photo taken on a different date or by another person will be appropriately labeled.
2. The title to the property is good and merchantable, free and clear of all liens and, there are no encumbrances other than those mentioned in the appraisal report.
3. The plans, plats, legal descriptions and other data furnished by others are assumed to be correct and reliable but the appraiser assumes no responsibility for their accuracy.
4. The individual appraisals are made in accord with the Code of Iowa and do not reflect any benefit from the proposed improvement or non-compensable items of damage.
5. Any temporary easement area acquired will be retained by the state until completion of project construction and will be returned in the condition indicated by the highway plans.
6. The existing drainage will not be adversely affected by highway construction unless otherwise specified in the data furnished and the tile lines on the remaining property will function properly after highway construction is completed.
7. The property is appraised as though under responsible ownership and typical management.
8. The property owner will be paid separately for the cost of fencing the new right of way line, if such fencing is needed, in those cases where the state does not erect a right of way fence. The property owner has a right to pasture livestock adjacent to any state erected fence but must assume all responsibility for restraint of such livestock. Any effect on fencing other than right of way fence or temporary fence will be considered in the individual appraisal reports.
9. The property owner or lessee will be paid separately for loss, if any, of growing crops or completed field work.
10. The Agency may use any or all of the contents of the appraisal reports only for its normal business functions.



## RESIDENTIAL APPRAISAL REPORT

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Ownership \_\_\_\_\_

Address of Property being Appraised \_\_\_\_\_

This property is described as:

Present zoning is \_\_\_\_\_ Present use is RESIDENCEAppraised on the basis of highest and best use for RESIDENCE

**PURPOSE OF THIS APPRAISAL:** To estimate the market value of the ownership interest, and the leasehold interest if any, in this property before the proposed acquisition by the Department of Transportation and the market value of the same interest in the remainder property immediately after the proposed acquisition. In case the proposed acquisition causes only limited damage, the purpose is to estimate just compensation resulting from the acquisition, without reporting before and after values.

**DEFINITION OF MARKET VALUE:** The cash price which would be arrived at as between a voluntary seller willing but not compelled to sell and a voluntary purchaser willing but not compelled to buy, both of whom are acting freely, intelligently and at arm's length, bargaining in the open market for the sale and purchase of the real estate in question. (State of Iowa Uniform Jury Instruction No. 14.4)

**DEFINITION OF HIGHEST AND BEST USE:** The utilization of a property to its best and most profitable use. It is that use, chosen from among the reasonably probable and financially feasible alternative uses which is found to be physically practical, legally acceptable and which results in the highest present value, as defined, as of the effective date of the appraisal.

**DATE OF VALUATION:**

The values of this property, both before and after the proposed acquisition, are estimated as of: \_\_\_\_\_

<b>MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA:</b>	\$	<u>0.00</u>
Value of the remaining property (if applicable):	\$	<u>0.00</u>
Difference of legal measure of damage (if applicable):	\$	<u>0.00</u>

**CERTIFICATION OF APPRAISER**

I hereby certify:

That I have personally made a field inspection of the property herein appraised and that I have afforded the property owner or authorized representative the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and comparable sales relied upon in preparing this appraisal are as represented by the photographs supplied.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.

That I understand the intended use of this appraisal is for eminent domain related acquisition of property by the State of Iowa.

This appraisal was prepared according to the contract/assignment from the Iowa Department of Transportation. The appraisal is prepared under the Jurisdictional Exception provision contained in the Uniform Standards of Professional Appraisal Practice (USPAP). In preparing the appraisal, I have conformed with all parts of USPAP except those that are contrary to State and Federal requirements.

This eminent domain appraisal has been completed under the following appraisal requirements

- The Iowa Constitution, Article 1, Section 18
- Code of Iowa, Chapters 6A, 6B, 316 and other eminent domain statutes
- Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- Regulations 761, IAC 111
- Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported therein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of the appraisal to anyone other than the proper officials of the Iowa Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized, or until I am required to do so by due process of law, or until I am released from the obligation by having publicly testified as to such findings.

That I am aware the Iowa Department of Transportation will provide a copy of this appraisal to the property owner or their designee.

That the conclusion set forth in this appraisal is my independent opinion of the difference between the fair market value of this property immediately before and immediately after the proposed acquisition.

Date of Signature \_\_\_\_\_

Signature \_\_\_\_\_

Appraiser







# Iowa Department of Transportation

Highway Division – Engineering Bureau  
Office of Right of Way  
Ames, Iowa 50010

Exhibit 6

## APPRAISAL OF SIGN OR BILLBOARD

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Land Owner \_\_\_\_\_

Sign Owner \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Permit No. \_\_\_\_\_

Location \_\_\_\_\_

Photographs

Identification \_\_\_\_\_

### VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Sign value before acquisition is: \$ 0.00

Sign value after acquisition is: \$ 0.00

Estimate of just compensation is: \$ 0.00

### CERTIFICATION

I hereby certify that in the preparation of this appraisal for highway purposes I have personally inspected this property; that I have no present or contemplated future interest therein; that compensation to me for this appraisal service is not contingent upon any value conclusions herein set forth; that Federal-aid highway funds are involved; and that all statements herein are true to the best of my knowledge and belief.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser



**Iowa Department of Transportation****OFFICE OF RIGHT OF WAY  
APPRAISAL****RECORD OF CONTACTS**

Contact No. \_\_\_\_\_ County \_\_\_\_\_

☐ Owner    ☐ Tenant    ☐ Other \_\_\_\_\_ Project \_\_\_\_\_☐ Personal Contact    ☐ Telephone \_\_\_\_\_ Parcel \_\_\_\_\_Type of Property    ☐ AG    ☐ COM    ☐ Other \_\_\_\_\_☐ RES    ☐ IND

Anticipated Appraisal Format \_\_\_\_\_

Persons Present \_\_\_\_\_

Discussion of Activities  
\_\_\_\_\_

Appraiser \_\_\_\_\_

Date \_\_\_\_\_



## Comparable Sale Data and Analysis (Farm Property)

Sale # \_\_\_\_\_

County \_\_\_\_\_

Grantor \_\_\_\_\_ Grantee \_\_\_\_\_

Instrument Type and Date \_\_\_\_\_ Book \_\_\_\_\_ Page \_\_\_\_\_

Consideration \$ \_\_\_\_\_ Tax St. \$ \_\_\_\_\_ Gross Acres \_\_\_\_\_ Tax Acres \_\_\_\_\_

Confirmed Price \$ \_\_\_\_\_ by \_\_\_\_\_ (\$ \_\_\_\_\_ /tax acre)

Date Inspected \_\_\_\_\_ H &amp; B Use \_\_\_\_\_ Zoning \_\_\_\_\_

Average CSR for this farm = \_\_\_\_\_ Sale price per CSR = \$ \_\_\_\_\_

Legal Description (*abbreviated*): \_\_\_\_\_

Conditions of Sale and Financing: \_\_\_\_\_

Location: \_\_\_\_\_

Discussion of Land and Improvements: \_\_\_\_\_

**Analysis of Sale Price** (*after adjusting for time*)Time Adjustment: (*Plus* \$ \_\_\_\_\_ /acre) \_\_\_\_\_ % x sale price = \$ \_\_\_\_\_**Land:**

_____ ac.df	_____ @ \$ _____	= \$ _____	
_____ ac.of	_____ @ \$ _____	= \$ _____	
_____ ac.of	_____ @ \$ _____	= \$ _____	
_____ ac.of	_____ @ \$ _____	= \$ _____	
_____ ac. Total Farm	_____ @ \$ _____	= \$ _____	= \$ _____

**Contribution of Improvements:** (*Remainder after land abstraction*)

= \$ \_\_\_\_\_

**Estimated Obsolescence of Improvements:**

Estimated Depreciated Replacement Cost:	\$ _____	
Minus Contribution Value	_____	Or \$ _____ /tax ac
Amount of Obsolescence	= \$ _____	Or _____ %



**Comparable Sale Data and Analysis**  
**(Urban)**

Sale # \_\_\_\_\_

County \_\_\_\_\_

Grantor \_\_\_\_\_ Grantee \_\_\_\_\_

Instrument Type and Date \_\_\_\_\_ Book \_\_\_\_\_ Page \_\_\_\_\_

Consideration \$ \_\_\_\_\_ Tax St. \$ \_\_\_\_\_ Confirmed Price \$ \_\_\_\_\_

Confirmed Source \_\_\_\_\_ Date of Inspection \_\_\_\_\_

Zoning \_\_\_\_\_ Highest &amp; Best Use \_\_\_\_\_

Property Address \_\_\_\_\_

Legal Description (*abbreviated*):

Conditions of Sale and Financing:

Site and Location Description:

Discussion of Improvements:

Sale Analysis:





**SUPPLEMENT TO APPRAISAL  
(Minor Revision)**

Project No. \_\_\_\_\_

Parcel No. \_\_\_\_\_

I previously appraised this property and prepared an appraisal report dated \_\_\_\_\_. Since that time, the proposed acquisition has been changed in accord with the attached revised Property Plat and Summary of Proposed Acquisition. Therefore, I have revised my opinion of value to reflect change as shown on the attached Form 633-101. The revision is discussed as follows:

EXPLANATION OF REVISION:EFFECT OF THE REVISION:MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA:

	<u>Original</u>	<u>Revised</u>
Value of the entire property before the acquisition is:	\$ _____	\$ _____
Value of the remaining property after the acquisition is:	\$ _____	\$ _____
The estimate of just compensation is:	\$ _____	\$ _____

The revised values are based on and supported by my previous appraisal report, and no updating of previous sales data has been made. For this reason, the date of valuation remains the same as the valuation date in the original report.

Date of Revision \_\_\_\_\_

Signature \_\_\_\_\_



Iowa Department of Transportation

REVIEW APPRAISER'S REPORT

County \_\_\_\_\_ Project No. \_\_\_\_\_ Parcel No. \_\_\_\_\_

	Appraiser	Value Before	Value After	Compensation
1.	_____	\$ _____	\$ _____	\$ _____
2.	_____	\$ _____	\$ _____	\$ _____
3.	_____	\$ _____	\$ _____	\$ _____

Approved just compensation and allocation among interests:

Owner	_____	\$ _____
Lessee	_____	\$ _____
Sublessee	_____	\$ _____

Date of Review Appraiser's inspection \_\_\_\_\_ , \_\_\_\_\_

\_\_\_\_\_  
Review Appraiser  
Date \_\_\_\_\_ , \_\_\_\_\_



**ALLOCATION OF JUST COMPENSATION**

Project No. \_\_\_\_\_

Parcel No. \_\_\_\_\_

1. Land to be acquired by: \$ 0.00Fee Title: 0.00 acres \$ 0.00Fee Title: 0.00 acres \$ 0.00Perm. Ease. 0.00 acres \$ 0.00Perm. Ease. 0.00 acres \$ 0.002. Buildings to be acquired: \$ 0.003. Other improvements to be acquired excluding right of way fence:\* \$ 0.004. Control of Access: \$ 0.005. Severance damage to remaining property: \$ 0.00Total estimate of just compensation \$ 0.00

\* Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, Code of Iowa.



**Iowa Department of Transportation****CERTIFICATION OF REVIEW APPRAISER**

Project No. \_\_\_\_\_

Parcel No. \_\_\_\_\_

I certify the following:

- ☐ I am a government staff review appraiser with the authority to determine the amount to be offered as "Just Compensation".
- ☐ I am a contract review appraiser with the duty of recommending "Just Compensation" to a governmental administrative authority.

I understand that this determination or recommendation of "Just Compensation" is to be used in connection with the acquisition of property utilizing Governmental funds.

I have made a visual inspection of the subject property and the comparable sales used in its valuation.

To the best of my knowledge no un-compensable items, under the established law of the State of Iowa, have been included in the final value recommended or approved to be offered as "Just Compensation" for the proposed acquisition from this property.

Neither my employment nor my compensation for making this review and determination or recommendation of "Just Compensation" is in any way contingent upon the values concluded in this review.

I have no direct or indirect, present or contemplated future personal interest in this property or in any benefit from the acquisition of the property.

The determination or recommendation has been reached independently based on the appraisal(s) and other factual data of record without collaboration or direction. The appraisal has been reviewed for adequacy and relevancy given the purpose and function of the appraisal and nature and extent of the proposed acquisition; and, to the appropriateness and reasonableness of the analysis, opinions and conclusions.

This eminent domain appraisal has been completed under the following appraisal requirements

- The Iowa Constitution, Article 1, Section 18
- Code of Iowa, Chapters 6A, 6B, 316 and other eminent domain statutes
- Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- Regulations 761, IAC 111
- Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

Date of Signature \_\_\_\_\_

Signature \_\_\_\_\_

Review Appraiser





## EMINENT DOMAIN DETAILED APPRAISAL REPORT

### Fee Acquisition

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by fee title.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

#### MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Value of the entire property before acquisition is: \$ 0.00

Value of the remaining property after acquisition is: \$ 0.00

The estimate of just compensation\* is: \$ 0.00

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser



## EMINENT DOMAIN DETAILED APPRAISAL REPORT

### Permanent Easement Acquisition

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

#### MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Value of the entire property before acquisition is: \$ 0.00

Value of the remaining property after acquisition is: \$ 0.00

The estimate of just compensation\* is: \$ 0.00

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser



## EMINENT DOMAIN DETAILED APPRAISAL REPORT

### Fee and Permanent Easement Acquisition

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by fee title and \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

#### MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA

Value of the entire property before acquisition is: \$ 0.00

Value of the remaining property after acquisition is: \$ 0.00

The estimate of just compensation\* is: \$ 0.00

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser



**EMINENT DOMAIN VALUE FINDING REPORT**  
**Fee Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_  
taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway  
purposes consists of \_\_\_\_\_ acres by fee title.

The present zoning is \_\_\_\_\_ and its  
present use is \_\_\_\_\_. The property is appraised on the basis of  
its highest and best use for \_\_\_\_\_ before the acquisition and  
\_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

The estimate of just compensation\* is: \$ \_\_\_\_\_

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed  
schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_  
Appraiser





**EMINENT DOMAIN VALUE FINDING REPORT**  
**Permanent Easement Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_  
taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway  
purposes consists of \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its  
present use is \_\_\_\_\_. The property is appraised on the basis of  
its highest and best use for \_\_\_\_\_ before the acquisition and  
\_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

The estimate of just compensation\* is: \$ \_\_\_\_\_

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed  
schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_  
Appraiser



**EMINENT DOMAIN VALUE FINDING REPORT**  
**Fee and Permanent Easement Acquisition**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Record Owner \_\_\_\_\_

Owner's Mailing Address \_\_\_\_\_

Address of Property being Appraised ( same ) \_\_\_\_\_

This property is described as:

This property consists of \_\_\_\_\_ taxable \_\_\_\_\_ acres before the acquisition and \_\_\_\_\_ taxable \_\_\_\_\_ acres will remain after the acquisition. The land to be acquired for highway purposes consists of \_\_\_\_\_ acres by fee title and \_\_\_\_\_ acres by permanent easement.

The present zoning is \_\_\_\_\_ and its present use is \_\_\_\_\_. The property is appraised on the basis of its highest and best use for \_\_\_\_\_ before the acquisition and \_\_\_\_\_ after the acquisition.

**MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA**

The estimate of just compensation\* is: \$ \_\_\_\_\_

\* Excludes the right of way fence. Compensation for R/W fence to be by fixed schedule or in accord with Section 6B.44, *Code of Iowa*.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_  
Appraiser



**RESIDENTIAL APPRAISAL REPORT**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Ownership \_\_\_\_\_

Address of Property being Appraised \_\_\_\_\_

This property is described as:

Present zoning is \_\_\_\_\_ Present use is **RESIDENCE**Appraised on the basis of highest and best use for **RESIDENCE**

**PURPOSE OF THIS APPRAISAL:** To estimate the market value of the ownership interest, and the leasehold interest if any, in this property before the proposed acquisition by the Department of Transportation and the market value of the same interest in the remainder property immediately after the proposed acquisition. In case the proposed acquisition causes only limited damage, the purpose is to estimate just compensation resulting from the acquisition, without reporting before and after values.

**DEFINITION OF MARKET VALUE:** The cash price which would be arrived at as between a voluntary seller willing but not compelled to sell and a voluntary purchaser willing but not compelled to buy, both of whom are acting freely, intelligently and at arm's length, bargaining in the open market for the sale and purchase of the real estate in question. (State of Iowa Uniform Jury Instruction No. 14.4)

**DEFINITION OF HIGHEST AND BEST USE:** The utilization of a property to its best and most profitable use. It is that use, chosen from among the reasonably probable and financially feasible alternative uses which is found to be physically practical, legally acceptable and which results in the highest present value, as defined, as of the effective date of the appraisal.

**DATE OF VALUATION:**

The values of this property, both before and after the proposed acquisition, are estimated as of: \_\_\_\_\_

<b>MARKET VALUE UNDER EMINENT DOMAIN LAW OF THE STATE OF IOWA:</b>	<b>\$</b>	<b>0.00</b>
Value of the remaining property (if applicable):	<b>\$</b>	<b>0.00</b>
Difference of legal measure of damage (if applicable):	<b>\$</b>	<b>0.00</b>

**CERTIFICATION OF APPRAISER**

I hereby certify:

That I have personally made a field inspection of the property herein appraised and that I have afforded the property owner or authorized representative the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and comparable sales relied upon in preparing this appraisal are as represented by the photographs supplied.

That to the best of my knowledge and belief the statements contained in the appraisal herein set forth are true, and the information upon which the opinions expressed therein are based is correct, subject to the limiting conditions therein set forth.

That I understand the intended use of this appraisal is for eminent domain related acquisition of property by the State of Iowa.

This appraisal was prepared according to the contract/assignment from the Iowa Department of Transportation. The appraisal is prepared under the Jurisdictional Exception provision contained in the Uniform Standards of Professional Appraisal Practice (USPAP). In preparing the appraisal, I have conformed with all parts of USPAP except those that are contrary to State and Federal requirements.

This eminent domain appraisal has been completed under the following appraisal requirements

- The Iowa Constitution, Article 1, Section 18
- Code of Iowa, Chapters 6A, 6B, 316 and other eminent domain statutes
- Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- Regulations 761, IAC 111
- Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

That neither my employment nor my compensation for making this appraisal and report are in any way contingent upon the values reported therein.

That I have no direct or indirect present or contemplated future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of the appraisal to anyone other than the proper officials of the Iowa Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized, or until I am required to do so by due process of law, or until I am released from the obligation by having publicly testified as to such findings.

That I am aware the Iowa Department of Transportation will provide a copy of this appraisal to the property owner or their designee.

That the conclusion set forth in this appraisal is my independent opinion of the difference between the fair market value of this property immediately before and immediately after the proposed acquisition.

Date of Signature \_\_\_\_\_

Signature \_\_\_\_\_

Appraiser



**APPRAISAL OF SIGN OR BILLBOARD**

Parcel No. \_\_\_\_\_ Project No. \_\_\_\_\_ County \_\_\_\_\_

Land Owner \_\_\_\_\_

Sign Owner \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Permit No. \_\_\_\_\_

Location \_\_\_\_\_

Photographs

Identification \_\_\_\_\_

**VALUE UNDER EMINENT DOMAIN LAW OF  
THE STATE OF IOWA**Sign value before acquisition is: \$ 0.00Sign value after acquisition is: \$ 0.00Estimate of just compensation is: \$ 0.00**CERTIFICATION**

I hereby certify that in the preparation of this appraisal for highway purposes I have personally inspected this property; that I have no present or contemplated future interest therein; that compensation to me for this appraisal service is not contingent upon any value conclusions herein set forth; that Federal-aid highway funds are involved; and that all statements herein are true to the best of my knowledge and belief.

Date of Valuation \_\_\_\_\_

Signed \_\_\_\_\_

Appraiser





REVIEW APPRAISER'S REPORT

County \_\_\_\_\_ Project No. \_\_\_\_\_ Parcel No. \_\_\_\_\_

	Appraiser	Value Before	Value After	Compensation
1.	_____	\$ _____	\$ _____	\$ _____
2.	_____	\$ _____	\$ _____	\$ _____
3.	_____	\$ _____	\$ _____	\$ _____

Approved just compensation and allocation among interests:

Owner	_____	\$ _____
Lessee	_____	\$ _____
Sublessee	_____	\$ _____

Date of Review Appraiser's inspection \_\_\_\_\_ , \_\_\_\_\_

\_\_\_\_\_  
Review Appraiser  
Date \_\_\_\_\_ , \_\_\_\_\_



**CERTIFICATION OF REVIEW APPRAISER**

Project No. \_\_\_\_\_

Parcel No. \_\_\_\_\_

I certify the following:

- ☐ I am a government staff review appraiser with the authority to determine the amount to be offered as "Just Compensation".
- ☐ I am a contract review appraiser with the duty of recommending "Just Compensation" to a governmental administrative authority.

I understand that this determination or recommendation of "Just Compensation" is to be used in connection with the acquisition of property utilizing Governmental funds.

I have made a visual inspection of the subject property and the comparable sales used in its valuation.

To the best of my knowledge no un-compensable items, under the established law of the State of Iowa, have been included in the final value recommended or approved to be offered as "Just Compensation" for the proposed acquisition from this property.

Neither my employment nor my compensation for making this review and determination or recommendation of "Just Compensation" is in any way contingent upon the values concluded in this review.

I have no direct or indirect, present or contemplated future personal interest in this property or in any benefit from the acquisition of the property.

The determination or recommendation has been reached independently based on the appraisal(s) and other factual data of record without collaboration or direction. The appraisal has been reviewed for adequacy and relevancy given the purpose and function of the appraisal and nature and extent of the proposed acquisition; and, to the appropriateness and reasonableness of the analysis, opinions and conclusions.

This eminent domain appraisal has been completed under the following appraisal requirements

- The Iowa Constitution, Article 1, Section 18
- Code of Iowa, Chapters 6A, 6B, 316 and other eminent domain statutes
- Iowa Supreme Court interpretations of Iowa Constitution and eminent domain statutes
- Regulations 761, IAC 111
- Federal Uniform Act and Regulations, 49CFR, part 24

Guidance can be found at

- The Iowa Department of Transportation Appraisal Policy and Procedure Manual
- The Federal Highway Administration (FHWA) Appraisal Guide
- Uniform Standards for Federal Land Acquisition
- Uniform Standards of Professional Appraisal Practice (USPAP)

Date of Signature \_\_\_\_\_

Signature \_\_\_\_\_

Review Appraiser



## APPRAISAL MANUAL INSTRUCTIONAL LEGAL APPENDIX

### ❖ JUST COMPENSATION

Just compensation is the difference between the fair and reasonable market value of the property as a whole immediately before and the fair and reasonable market value of the remaining property immediately after the takings disregarding any benefits to the property which may have resulted or may result in the future from any improvement. See, *Iowa Constitution*, Article I, Section 18; *Iowa Civil Jury Instructions 2500.3*; *Belle v. Iowa State Highway Commission*, 126 N.W.2d 311 (Iowa 1964); *Harris v. Board of Trustees of Green Bay Levee & Drainage Dist. No. 2, Lee County*, 59 N.W.2d 234, 237 (Iowa 1953).

### ❖ VALUE TO THE OWNER IS AN IMPROPER MEASURE OF DAMAGE

The value of the property to the owner or sentimental value is an improper measure of damage and can not be considered as a proper measure of the fair and reasonable market value. See, *Iowa Civil Jury Instructions 2500.4*; *Nidy and Company v. State*, 189 N.W.2d 583 (Iowa 1971); *Hamer v. Iowa State Highway Commission*, 98 N.W.2d 746 (Iowa 1959); *Stortenbecker v. Iowa Power & Light Co.*, 96 N.W.2d 468 (Iowa 1959).

### ❖ BENEFITS TO THE PROPERTY WHICH MAY HAVE RESULTED OR MAY RESULT IN THE FUTURE FROM THE PROJECT MAY NOT BE CONSIDERED BY THE APPRAISER

The appraiser must disregard benefits to the property which may have resulted or may result in the future from any improvements. *Socony Vacuum Oil Co. v. State*, 170 N.W.2d 378 (Iowa 1969). If such sales are admitted, it is prejudicial and reversible error. This property was condemned March 1969 and was located on the northwest corner of the intersection of East 14<sup>th</sup> Street and Court Avenue, southeast of the capitol in Des Moines. The landowner's appraiser used one sale on the northwest corner of Des Moines Street and East 14<sup>th</sup> Street purchased from Continental Oil Co. and other nearby sales, all purchased in 1966 and 1967, after the extent of the project was made known by adoption of a resolution in 1965. Sales with benefits were at \$7.45 per square foot compared to other sales with the next closest comparable sales being \$5.11, \$4.00, \$3.00, and \$2.88 per square foot. All appraisers admitted the value of the sales was significantly enhanced by the projects. *Danamere Farms, Inc. v. Iowa Department of Transportation*, 567 N.W.2d 231 (Iowa 1997). Can not show after value increased as a result of an improved roadway but may show the property is still suitable for development for the same distance back from the roadway following the taking. See, *Iowa Civil Jury Instruction 2500.3*, Condemnation measure of recovery.

## ❖ DETERMINING THE BEFORE PARCEL

In determining what constitutes the parent or larger parcel, it is the responsibility of the appraiser to determine what separate tracts are operated as one assembled economic unit. Wilkes v. Iowa State Highway Commission, 172 N.W.2d 790 (Iowa 1969). A sale barn and improvements on leased wide railroad right of way and adjacent landowner's privately owned property used as a parking area is one parcel for Eminent Domain purposes. Crist v. Iowa State Highway Commission, 123 N.W.2d 424 (Iowa 1963). Three nearby parcels separated by an alley and other property and located on both sides of the same city limit line, owned and zoned differently, operated as an auto repair, sales business are one parcel for Eminent Domain purposes.

Where there is more than one tract under the same lease and separated by a highway, it is the use and operation of the land that determines whether damages should be assessed to the entire leasehold or to the part taken. See, *Iowa Civil Jury Instruction 2500.10*, Estelle v. Iowa State Highway Commission, 119 N.W.2d 900 (Iowa 1963).

## ❖ A PREEXISTING CONDITION IS NOT A COMPENSABLE ITEM OF DAMAGE

Fitzgerald v. City of Iowa City, 492 N.W.2d 659 (Iowa 1992). In this case, the Supreme Court held there was no taking as a matter of law as a result of a new airport zoning height restriction ordinance where it was not possible to put the property to a higher or more profitable use under current zoning in effect when the owner built the existing improvements. Nadler v. City of Mason City, 387 N.W.2d 587 (Iowa 1986). The landowner bought the subject property knowing the urban renewal project was delayed for lack of funding where there was no evidence of bad faith on the part of the city for the delay. Mulkins v. Board of Supervisors of Page County, 330 N.W.2d 258 (Iowa 1983). Braden v. Board of Supervisors of Pottawattamie County, 157 N.W.2d 123 (Iowa 1968). In these cases, the County vacated only that part of the road occupied by a bridge from bank to bank. The plaintiff purchased the land on either side of the washed out bridge (vacated road) in its damaged condition, lost no right of access he previously enjoyed and was not damaged by the County's failure to rebuild the bridge.

## ❖ RESTRICTING ACCESS TO PRESENT ENTRANCES TO A HIGHWAY BY POLICE POWER IS NOT A TAKING

Police power regulation of access limiting access to present entrances to a highway does not constitute a taking of property rights that entitle the owners of abutting property to compensation. See, Linge v. Iowa State Highway Commission, 260 Iowa 1226, 150 N.W.2d 642 (1967); Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959).

❖ **IT IS AN ERROR TO VALUE SEPARATE PARTS OF A PROPERTY AND ADD THE VALUES OF SEPARATE PARTS**

The appraiser may not value separate parts of a parcel and add the value of the parts in arriving at either the Before value or After value of a property. See, Bellew v. Iowa State Highway Commission, 171 N.W.2d 284, 288-289 (Iowa 1969); Jones v. Iowa State Highway Commission, 259 Iowa 616, 144 N.W.2d 277, 280 (1966); *Iowa Civil Jury Instructions 2500.3*, Condemnation measure of recovery.

❖ **IT IS AN ERROR TO VALUE THE LAND TAKEN AND DAMAGES SEPARATELY AND SUM THE TOTAL**

See, Harris v. Board of Trustees of Green Bay Levee & Drainage Dist. No. 2, Lee County, 59 N.W.2d 234, 237 (Iowa 1953), drainage district. Maxwell v. Highway Commission, 223 Iowa 159, 271 N.W. 883 (1937).

❖ **IT IS ERROR TO VALUE ITEMS OF DAMAGE AND SUBTRACT THEIR TOTAL FROM THE BEFORE LAND VALUE**

See, Randell v. Iowa State Highway Commission, 241 N.W. 685 (Iowa 1932).

❖ **TEMPORARY INCONVENIENCE ARISING OUT OF CONSTRUCTION IS NOT A COMPENSABLE ITEM OF DAMAGE**

Temporary inconvenience which arises out of the detour of traffic while the highway is being constructed is not a compensable item of damage. Wilson v. Highway Commission, 249 Iowa 994, 90 N.W.2d 161, 169 (1958). Nor may a landowner recover damages for profits lost during a temporary closing of a highway. Blank v. Highway Commission, 252 Iowa 1128, 109 N.W.2d 713 (1961).

❖ **CHANGES IN TRAFFIC ARE NOT COMPENSABLE ITEMS OF DAMAGE**

Construction of a median or dividing strips, the institution of one-way traffic, curbs to control traffic, prohibiting left turns and U turns except at designated points where there are no raised median or “jiggle” bars, rerouting traffic, increase or decrease in traffic volume or in flow of traffic or changes in the nature of traffic on the roadway are not compensable items of damage. Grove & Burke, Inc. v. City of Fort Dodge, 469 N.W.2d 703 (Iowa 1991); Simkins v. City of Davenport, 232 N.W.2d 561 (Iowa 1975); Wilson v. Iowa State Highway Commission, 249 Iowa 994, 90 N.W.2d 161, 169 (1958); Highway Commission v. Smith, 82 N.W.2d 755 (Iowa 1957).

❖ **LOSS OF USE OF RIGHT OF WAY OR COST TO REMOVE IMPROVEMENTS ON RIGHT OF WAY IS NOT A COMPENSABLE ITEM OF DAMAGE**

Only when a specific reservation of rights is made by contract or condemnation is the right reserved to the owner a property right. Richardson v. Derry, 284 N.W. 82 (Iowa 1939). Established 66 foot road originally opened to a 25 to 35 foot width may be opened to the full 66 foot established width after 70 years use as originally constructed. DePenning v. Iowa Power & Light Co., 33 N.W.2d 503 (Iowa 1948). Reserved right of access across utility easement corridor to landowner. Fanning v. Mapco, Inc., 181 N.W.2d 190 (Iowa 1970). Restricted public purpose to the construction of one pipe line rather than an easement for an unlimited number of pipelines. See also, Moran v. Iowa State Highway Commission, 274 N.W. 59 (Iowa 1937). Reservation of a water well.

❖ **DAMAGE CAUSED BY THE ACQUISITION OF A PART OR BY SEVERING A PARCEL INTO TWO OR MORE TRACT IS A COMPENSABLE SEVERANCE DAMAGE**

Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959). Right of way for a new street divided a tract into two parts leaving each remaining part with access only to the street to which the remainder was originally adjacent. The owner is entitled to just compensation for any property taken or injured to be estimated according to the existing condition of the property at the time and is not required to remove buildings or fixtures attached to the real estate in order to lessen or mitigate his damages. See, Wilson v. Fleming, 239 Iowa 718, 31 N.W.2d 393 (1948); Des Moines Wet Wash Laundry v. City of Des Moines, 197 Iowa 1082, 198 N.W. 486, 489 (1924).

❖ **DENIAL OF ACCESS TO A NEW HIGHWAY IS NOT A COMPENSABLE ITEM OF DAMAGE**

Denial of access to a new highway or section of a relocated highway designated as a controlled-access facility at the time of its construction is not compensable. No right of access vests, therefore no compensation can be allowed. While the landowner may recover damages to the land caused by the fact that the road separates a parcel into two tracts, the landowner may not recover for loss of access to the highway itself. Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959).

❖ **CIRCUITY OF TRAVEL IS NOT A COMPENSABLE ITEM OF DAMAGE**

One whose right of access from property to an abutting highway is not cut off or substantially interfered with, who still has the same access to the road system, has suffered no special damage even though it may be more inconvenient for him to use the system. Although the owner's damage may be greater in degree than that suffered by the general



public, it is not different in kind and is not compensable. *Hinrichs v. ISHC*, 152 N.W.2d 248 (Iowa 1967). *Hinrichs* was not the owner of land adjacent to that part of the road being closed. *Nelson v. Iowa State Highway Commission*, 253 Iowa 1248, 115 N.W.2d 695 (1962). *Nelson* owned land on both sides of the north-south Hwy 71. The NW corner of a 20 acre home site tract on the east side of Hwy 71 touched the SE corner of an 80 acre tract on the west side of two lane Hwy 71 which became a four lane divided highway requiring *Nelson* to drive north or south to the next intersection of Hwy 71 in order to go back and forth between the two tracts. *Warren v. Iowa State Highway Commission*, 250 Iowa 473, 93 N.W.2d 60 (1958). Interstate Highway 35 closed E-W county road used by owner to access two separate parcels on opposite side of the county road separated from one another ¼ mile apart from one another.

❖ **AN UNTERMINATED CITY LICENSE TO USE STREET RIGHT OF WAY IS A COMPENSABLE PROPERTY RIGHT**

While a license to use a street granted by a city, as authorized by state statute, may be terminated without liability where the right of way is now needed for street purposes. An un-cancelled license is a compensable interest in property if acquired by the State for primary highway purposes. *In RE Primary Road 141 v. Iowa State Highway Commission*, 255 Iowa 711, 124 N.W.2d 141, 147 (1963).

❖ **IT IS AN ERROR TO APPRAISE A BUSINESS OR INTANGIBLE PROPERTY OR GOODWILL OF A BUSINESS**

Appraisal of a business or of the intangible property of a business is improper. A condemnation is an action against the land. Neither people nor businesses are condemned. *Kurth v. Iowa Department of Transportation*, 628 N.W.2d 1 (Iowa 2001) rejected appraisal of the business which attributed all business income to the value of the real property. *Post-Newsweek Cable, Inc. v. Board of Review*, 497 N.W.2d 810 (Iowa 1993). In *Post-Newsweek*, real estate value erroneously determined by using income of the business including intangibles and discounting income attributable to intangibles. Goodwill of a business is not property within the constitutional sense and is therefore not a compensable item of damage. *Nichols on Eminent Domain*, Vol.4, §13.13[2]; 27 Am. Jur. 2d. *Eminent Domain*, §335.

❖ **IT IS AN ERROR TO CONSIDER LOSS OF BUSINESS OR PROFITS OF A BUSINESS IN THE APPRAISAL OF THE REAL PROPERTY**

Alleged loss of anticipated profits of a business or increase in operating expenses of a business is not competent evidence of the value of the subject property. *Kurth v. Iowa Dept. of Transp.*, 628 N.W.2d 1 (Iowa 2001) rejected an appraisal which attributed all business income to the value of the land. *City of Des Moines v. McCune*, 487 N.W.2d 83 (Iowa 1992); *City of Des Moines v. Wizer, Inc.*, 446 N.W.2d 289 (Iowa 1989) – also

rejected claim for expenses in locating comparable replacement facilities; Nedrow v. Michigan-Wisconsin Pipeline Co., 61 N.W.2d 687 (Iowa 1953); Johnson County Broadcasting Corp. v. Iowa State Highway Commission, 256 Iowa 1251, 130 N.W.2d 707 (1964) – the gross income from the plaintiffs radio station is not admitted as evidence of the value of real property; Wilson v. Iowa State Highway Commission, 249 Iowa 994, 90 N.W.2d 161, 169 (1958) – excluding evidence of monthly net income of a filling station.

❖ **AN APPORTIONMENT OF DAMAGES BETWEEN THE FEE HOLDER AND THE LESSEE IN AN APPRAISAL OF THE UNLEASED FEE HOLD IS NOT AN APPRAISAL OF THE TENANT’S INTEREST**

Valuing the property as a whole, and apportioning damages between the fee holder and the lessee is not an appraisal of the tenant’s interest. Fritz v. Iowa State Highway Commission, 270 N.W.2d 835 (Iowa 1978); City of Des Moines v. Geller Glass & Upholstery, Inc., 319 N.W.2d 239 (Iowa 1982). Note, the lease in Fritz was an oral agricultural lease and the lease in City of Des Moines was an oral commercial lease.

❖ **THE MEASURE OF DAMAGES FOR A PARTIAL ACQUISITION OF A TENANT’S INTEREST**

The measure of damages for a partial acquisition of a leasehold is the difference in the value of the use of the premises immediately before and after condemnation. Lassie’s Red Barn, Inc. v. Iowa Department of Transportation, 428 N.W.2d 319 (Iowa Ct. App. 1988). Twin-State Engine & Chem. Co. v. Iowa State Highway Commission, 197 N.W.2d 575 (Iowa 1972).

❖ **EVIDENCE OF LEASEHOLD INCOME OR BUSINESS VOLUME MAY BE CONSIDERED FOR THE LIMITED PURPOSE OF DETERMINING IF THE LEASEHOLD INTEREST WAS PROFITABLE AND NOT AS AN INDEPENDENT ITEM OF DAMAGE**

Lassie’s Red Barn, Inc. v. Iowa Department of Transportation, 428 N.W.2d 319 (Iowa Ct. App. 1988). Twin-State Engine & Chem. Co. v. Iowa State Highway Commission, 197 N.W.2d 575 (Iowa 1972). Acquisition of .01 acre from a one acre site with 16x32 foot frame construction, with concrete floor warehouse, with a 10 year lease and two 5 year options, along with its right of direct access on the west side of US Hwy 61. The site was acquired to replace plaintiff’s business location in downtown DeWitt. Plaintiff stopped construction on the west Hwy 61 site after receiving a *Notice of Condemnation* and continued to operate its business from its downtown DeWitt site and had not commenced operating business at the new west Hwy 61 site. Plaintiff operated only the DeWitt site for a year in 1968. In December 1968, plaintiff leased a similar site on the east side of Hwy 61 for the same lease terms. The same building that plaintiff had constructed on the west side

of the highway was moved to the new site on the east side. Plaintiff offered evidence of an increase in the volume of sales over 1967 at the new east Hwy 61 location. The court approved the income evidence as evidence of the prosperity of a leasehold business not as an independent element of damage and upheld the district court's instructions eliminating any consideration of such item as a separate dollar and cents allowance.

❖ **THE MEASURE OF DAMAGES FOR A TOTAL ACQUISITION OF A TENANT'S INTEREST**

In a total acquisition of a tenant's interest, the measure of damages is the market value of the unexpired term of the lease over and above the rent stipulated to be paid. Batcheller v. Iowa State Highway Commission, 101 N.W.2d 30,33 (Iowa 1960). The appraiser must also recognize and compensate for the loss of the tenant's ownership of business fixtures. Interstate Finance Corporation v. Iowa City, 149 N.W.2d 308 (Iowa 1967). In Interstate, the tenant paid \$1,500.00 to the former tenant for tenant owned improvements consisting of wall paneling, ceiling tile, recessed diffused lights, a custom built counter, vinyl tile flooring, interview booths, built-in shelves, and toilet facilities. When Interstate vacated the building, it took only the business's equipment such as desks, typewriters, adding machines, office supplies and exterior advertising sign. Wilkes v. Iowa State Highway Commission, 172 N.W.2d 790 (Iowa 1969). In Wilkes, a sale barn, sale ring, café, scales, and related items such as pens and runways for stock were tenant owned improvements located on railroad right of way. To the same effect, see §6B.55 Buildings, structure, and improvements on federally assisted programs and projects.

❖ **THE MEASURE OF DAMAGE FOR A PARTIAL ACQUISITION OF MINERAL FEE INTEREST IS THE DIFFERENCE BETWEEN ITS FAIR AND REASONABLE MARKET VALUE BEFORE AND AFTER THE TAKING**

Bowser v. Iowa Department of Transportation, 504 N.W.2d 632 (Iowa 1993). The owner, Bowser, owned 41.27 acres on the north side of Hwy 151 containing an operating limestone quarry and 38.07 acres on the south side of Hwy 151 rented as farm land and a set-aside portion, both of which were approved and zoned for quarry purposes. The DOT acquired .08 acres along the north side of Hwy 151 and 2.08 acres along the south side of Hwy 151. Finding no comparable sales of quarry property, the DOT's appraiser relied upon sales of upscale agricultural land in using a sales comparison approach to determine fair and reasonable market value. Supreme court approved jury instructions that could take into account twelve separate factors in determining the fair and reasonable market value of the condemned land, including the use, capability and zoning of the property and its capability to produce income and the value of the limestone deposits.

The supreme court upheld a district court's instruction to the jury, instructing the jury to base its compensation award on the fair market value of the property and rejected the owner's request for an instruction to base its compensation on the property's actual or

intrinsic value to be determined by multiplying the amount of minerals by the royalty figure or its market price. The Supreme Court determined the instructions accurately covered the legal principles related to the valuation of the type of land condemned when evidence was presented that there was no comparable sales of the type of land condemned.

❖ **THE MEASURE OF DAMAGES FOR A PARTIAL ACQUISITION OF A MINERAL LEASEHOLD INTEREST IS THE DIFFERENCE IN THE VALUE OF THE LEASEHOLD INTEREST BEFORE AND AFTER THE TAKING**

Lehigh Clay Products, Ltd. v. Iowa Department of Transportation, 512 N.W.2d 541 (Iowa 1994). Lehigh purchased a leasehold interest in 88 acres of farmland with sandy shale deposits and owned a manufacturing plant and adjacent clay pit with plastic shale which, when mixed with the sandy shale on the leased property, produced a superior clay product. The DOT acquired the 88 acre leased sand shale site.

Iowa does not follow the unit rule in measuring the value of a mineral deposit. It is error to calculate damages to the owner of a mineral interest right by multiplying the amount of minerals by the royalty figure or the market price. However, the amount and value of recoverable mineral deposits are proper and necessary elements to be considered in determining the before and after value of the mineral leasehold.

❖ **LOSS OF ECONOMIC ADVANTAGE AT PRESENT LOCATION IS NOT A COMPENSABLE ITEM OF DAMAGE**

Loss of economic advantage because of a move to another location or inability to locate an acceptable substitute property is not a compensable element of damage. City of Des Moines v. McCune, 487 N.W.2d 83 (Iowa 1992).

❖ **REMOTE CONTINGENT AND SPECULATIVE MATTERS ARE NOT COMPENSABLE ITEMS OF DAMAGE**

The Iowa Supreme Court has consistently held that remote, contingent and speculative matters are not to be considered as evidence of value of condemned property. Randell v. Iowa State Highway Commission, 241 N.W. 685 (Iowa 1932) – specific sum yearly to hire extra men to drive cattle across the new highway, additional cost to remove weeds from the new right of way as required by statute, the cost to build additional hypothetical fencing along railroad right of way which was by law to be built, maintained and replaced by the railroad. Trachta v. Iowa State Highway Commission, 86 N.W.2d 849 (Iowa 1957) – the cost to build a new corral and new drain tile for alleged increase in surface water discharge.

❖ **EMINENT DOMAIN SALES AND CONDEMNATION AWARDS ARE NOT EVIDENCE OF FAIR MARKET VALUE**

The price paid by an acquiring authority to purchase similar property on the project or an award made in a condemnation proceeding is not competent evidence of the value of the subject property. See, Socony Vacuum Oil Co. v State, 170 N.W.2d 378 (Iowa 1969); Jones v. Iowa State Highway Commission, 259 Iowa 616, 144 N.W.2d 277, 280 (1966); Wilson v. Fleming, 239 Iowa 718, 31 N.W.2d 393 (1948).

❖ **ARMS LENGTH CONTRACT SALES OF THE SUBJECT PROPERTY ARE INDEPENDENT SUBSTANTIVE EVIDENCE OF THE FAIR MARKET VALUE OF THE SUBJECT PROPERTY**

Jordan v. Iowa Department of Transportation, 468 N.W.2d 827 (Iowa 1991) – suit between contract seller-grantor and grantor's contract buyer. The contract buyer bought the subject property as a mobile home sales site subject to a right of way acquisition contract with the Dot agreeing to limit the height of a raised median to six inches. The contract buyer sued his seller when the median was constructed higher, to a height that mobile homes could not cross it to gain access to the site. The subject property was purchased on contract twice within one year. The Supreme Court rejected evidence of sales of other property, accepted the contract sales of the subject property as reduced to their cash value as the best evidence of the subject property.

To the same effect, see, Riley v. Iowa City Board of Review, 549 N.W.2d 289 (Iowa 1996). In Riley, the supreme court reversed the district court and upheld the valuation of two properties based on the purchase price of two subject properties purchased in a normal transaction without distorting factors the same month the properties were pre-assessed against the claim of the assessor who cited sales price of a nearby comparable property, an analysis of all apartment house sales in Iowa City from 1987-1992 and a comparable sales price analysis based on square footage. Redfield v. ISHC, 99 N.W.2d 413 (Iowa 1959). In Redfield, the subject property was purchased in February 1956 and a part of it was condemned in 1957. The Supreme Court authorized the admission of the landowner's deed or contract as independent substantive evidence of the value of the subject property. Campbell v. ISHC, 222 Iowa 544, 269 N.W. 20 (1936). In Campbell, the subject property was purchased nine months prior to condemnation where the revenue stamps were accepted as reliable indicia of the consideration paid or its sale price.

❖ **SALES WHICH ARE COMPARABLE, AS A MATTER OF LAW, ARE INDEPENDENT SUBSTANTIVE EVIDENCE OF THE VALUE OF THE SUBJECT PROPERTY**

The sales price of third party sales which are comparable to the subject property, as a matter of law, is independent substantive evidence of the value of the subject property. For such sales and their sales prices to be comparable as a matter of law, they

must be similar but not necessarily identical on size, use, location, character of land and time, mode and nature of the sale. In RE Primary Road No. Iowa 141, 255 Iowa 711, 124 N.W.2d 141, 147 (1963). Four acres off of property, slightly west and more valuable than plaintiffs with 154 feet frontage along the same Highway 141, with no stream and with water and sewer held to be evidence that a larger jury's award was based on passion and prejudice and granted a new trial. See also, Belle v. Iowa State Highway Commission, 126 N.W.2d 311 (Iowa 1964); Redfield v. ISHC, 99 N.W.2d 413 (Iowa 1959); Iowa Development Company v. Iowa State Highway Commission, 122 N.W.2d 323 (Iowa 1963).

❖ **SALES PRICES OF SALES NOT COMPARABLE AS A MATTER OF LAW ARE NOT INDEPENDENT SUBSTANTIVE EVIDENCE FOR ANY PURPOSE**

Sales information (except price) may be admitted where offered as a foundation for the expert opinion of the appraiser in order to obtain a general concept of the value of land in the immediate vicinity, soil conditions and comparisons and the general lay of the land for the sales and the subject. Martinson v. Iowa State Highway Commission, 134 N.W.2d 340 (Iowa 1965).

When a sale is not comparable as a matter of law, it is not admissible as independent substantive evidence of the value of the subject property and evidence of its sale price can not be used for any purpose in a district court of appeal. Bellew v. Iowa State Highway Commission, 171 N.W.2d 284, 288-289 (Iowa 1969). Subject property was 149.5 acre farm with 120 acres south and 40 acres north of Ashworth Road, with 3,960 feet of frontage on Ashworth Road located two miles west of West Des Moines. The Supreme Court found the following sales were not comparable as a matter of law, and admitting their sales price was reversible error. The landowner's three appraisers cited 20 sales. (1) The greater number consisted of two or less acres of farm 110 feet to perhaps 400 feet frontage on Ashworth Road; (2) majority of such frontages were 300 feet or substantially less; (3) others involved five-acre and ten-acre sales; (4) one 36-acre sale; and, (5) one 112-acre sale. Redfield v ISHC, 99 N.W.2d 413 (Iowa 1959). Redfield owned a 97.2 acre remote, unimproved farm. A sale of 47 acres of highly improved church property for \$531,000.00 and a sale of a .5 acre tract located in center of existing commercial area were not comparable as a matter of law. Iowa Development Company v. Iowa State Highway Commission, 122 N.W.2d 323 (Iowa 1963). A 291 acre tract 3.5 times as large as Redfield 97.2 acre parcel. Admission of 5 acre and other small acreage sales prices was reversible error.

❖ **LAND CONTRACTS MUST BE REDUCED TO THEIR CASH EQUIVALENT VALUE AS A CONDITION TO BEING USED AS EVIDENCE OF THE VALUE OF THE SUBJECT PROPERTY**

*Iowa Civil Jury Instruction 2500.4, Fair to Reasonable Market Value. Jordan v. Iowa Department of Transportation*, 468 N.W.2d 827 (Iowa 1991). Factors approved by the Supreme Court to be considered by the appraiser include Market to Contract interest rates, contract terms, and down payment with separate calculations where factors vary during the term of the contract. *Redfield v. Iowa State Highway Commission*, 110 N.W.2d 397 (Iowa 1961). For a contract sale to be admitted as evidence of the value of the subject property, the sale must meet the good faith, no speculation, not for consideration other than money and reasonable proximity to actual cash value standards of the second Redfield case.

❖ **UNACCEPTED OFFERS OF SALE GENERALLY NOT ACCEPTED AS EVIDENCE OF VALUE**

An unaccepted offer of sale that assumes that a certain use of the property will be permitted and that subsequently fail to reach fruition because the assumption is incorrect should, as a general rule, not be accepted as evidence of the value of real property. *Danamere Farms, Inc. v. Iowa Department of Transportation*, 567 N.W.2d 231 (Iowa 1997). Two acre should, as an offer on another part of the owner's property, be rejected as evidence of the value of owner's 23 acre farm where 5.75 acres were acquired to widen road. *Hardaway v. City of Des Moines*, 166 N.W.2d 578, 580 (Iowa 1969). Rejected offer to prove Hardaway had an unnamed bonding company offer to buy the total property, all of which is being acquired two years prior to the condemnation. Suggests admit only in the absence of an actual sale affording a comparable standard and only on proof from the buyer.

❖ **SPECULATIVE CONTRACT SALES OR CONTRACT SALES FOR A CONSIDERATION OTHER THAN MONEY ARE INADMISSIBLE**

*Redfield v. Iowa State Highway Commission*, 110 N.W.2d 397 (Iowa 1961). Examples of speculative contracts that do not sufficiently reflect actual cash market value to be admissible as a comparable sale include: a sale with \$5,000.00 down payment for a total payment of \$85,000.00, no payment for 3 years unless lots and deeds demanded, payment only if lots sold, where entire enterprise was tinged with speculation; or where land sold subject to leases, seller keeps all crops with no compensation to buyer, buyer obligated to install adequate sewer, sewer pumping station, buyer to post indemnity bond; and a sale of \$100,000.00 to total payment with \$20,000.00 down, first year buyer can only pay \$5,000.00 on February 1, 1959, the right to defer payments over a 16 year period.

❖ **MOVING COST PAYMENTS AND PAYMENT FOR PERSONAL PROPERTY WHICH IS DAMAGED OR DESTROYED OR REDUCED IN VALUE ARE NOT COMPENSABLE ITEMS OF DAMAGE FOR THE EMINENT DOMAIN REAL PROPERTY APPRAISER**

The appraiser shall not consider or make any allowance for personal property which is damaged or destroyed or reduced in value or for moving costs in appraising real property or interests in real property for an eminent domain acquisition. See, Nidy and Company v State, 189 N.W.2d 583 (Iowa 1971). Section 6B.42 Eminent domain – payment to displaced persons, of the *Iowa Code* requires: “the acquiring agency to provide to the person, in addition to any other sum of money in payment of just compensation, the payments and assistance required by law, in accordance with Chapter 316 Relocation of persons Displaced by Highways. Moving cost payments and payments for personal property which is damaged or destroyed or reduced in value by an acquisition of property authorized by Section 6B.14 or any other provision of the Code under the powers of eminent domain on projects where relocation assistance payments are to be paid under Chapter 316 of the *Iowa Code* shall be those payments authorized by relocation assistance under Chapter 316 and shall not be made or included as part of an award of damages in any condemnation proceeding, nor considered to be a compensable item of damage in an appraisal as required by Section 316.2 Effect of Acquisition and Condemnation, subsection (3) of the *Iowa Code*.

Section 316.2 reverses Des Moines Wet Wash Laundry v. City of Des Moines, 197 Iowa 1082, 198 N.W. 486, 489 (1924) which held that it was necessary to consider special plumbing, washers and dryers as realty in order to justly compensate for the taking of a leasehold interest with favorable market rent, and three years remaining on its term. These damages are now fully compensated for as personal property as a relocation assistance payment.

Note this applies to all public authorities or persons conferred the right to condemn private property, who initiate negotiations to acquire property in whole or part. See, Section 316.1 Definitions, subsection (5)(a)(3) displaced persons.



## &lt; LETTERHEAD&gt;

&lt;DATE&gt;

&lt;NAME&gt;

&lt;TITLE&gt;

Office of Right of Way  
 Iowa Department of Transportation  
 800 Lincoln Way  
 Ames, IA 50010

Dear &lt;NAME&gt;:

Re: Detailed Appraisal Report  
 <COUNTY> <PROJECT NO.> <PARCEL NO.>  
 <ADDRESS OR GENERAL LOCATION OF THE PROPERTY>

At your request I have inspected and prepared an eminent domain appraisal for the above referenced property. The purpose of the appraisal is to estimate the fair market value of the fee simple estate, and of the separate property ownership or tenant interests, if applicable, in the property immediately before and after the proposed acquisition. The intended use is to serve as a basis for estimated just compensation by the Iowa Department of Transportation.

This appraisal is prepared in accordance with the Iowa Department of Transportation Appraisal Operational Manual dated March 1, 2003. The depth of presentation is specific to the needs of the client for the intended use only. While I understand the appraisal will be sent to the property owner, it is not intended for use by the property owner with respect to mortgage loan, estate settlement or other non-eminent domain related purposes without the express written consent of the appraiser.

Based on my analysis in this appraisal, the estimate of Just Compensation as of <DATE> is:

(For a total acquisition) \$ \_\_\_\_\_

(or)

(For a partial acquisition) Before Value: \$ \_\_\_\_\_  
 After Value: \$ \_\_\_\_\_  
 Difference: \$ \_\_\_\_\_

Respectfully submitted,

&lt;SIGNATURE&gt;

## < LETTERHEAD>

<DATE>

<NAME>

<TITLE>

Office of Right of Way  
Iowa Department of Transportation  
800 Lincoln Way  
Ames, IA 50010

Dear <NAME>:

Re: Value Finding Appraisal Report  
<COUNTY> <PROJECT NO.> <PARCEL NO.>  
<ADDRESS OR GENERAL LOCATION OF THE PROPERTY>

At your request I have inspected and prepared an eminent domain appraisal for the above referenced property. The purpose of the appraisal is to estimate the fair market value of the fee simple estate, and of the separate property ownership or tenant interests, if applicable, in the property immediately before and after the proposed acquisition. The intended use is to serve as a basis for estimated just compensation by the Iowa Department of Transportation.

This appraisal is prepared in accordance with the Iowa Department of Transportation Appraisal Operational Manual dated March 1, 2003. The depth of presentation is specific to the needs of the client for the intended use only. While I understand the appraisal will be sent to the property owner, it is not intended for use by the property owner with respect to mortgage loan, estate settlement or other non-eminent domain related purposes without the express written consent of the appraiser.

Based on my analysis in this appraisal, the estimate of Just Compensation as of <DATE> is:

\$ \_\_\_\_\_

Respectfully submitted,

<SIGNATURE>

## SUMMARY OF PROPOSED ACQUISITION EXPLANATION

RIGHT OF WAY OFFICE  
SUMMARY OF PROPOSED ACQUISITION  
DESIGN SECTION

ID No. \_\_\_\_\_

Parcel No. \_\_\_\_\_

County \_\_\_\_\_ Project No. \_\_\_\_\_

Owner of Record \_\_\_\_\_

Contract Purchaser \_\_\_\_\_

Leasehold \_\_\_\_\_

Mineral Rights/Mineral Leases \_\_\_\_\_

**1. PERMANENT ACQUISITION AND PROPERTY AREAS:**

ROW in Name of State	_____	acres	}	_____	acres
*Fee Title Excess/Uneconomic Remnant	_____	acres			
Wetland Mitigation Area	_____	acres			
ROW in Name of City	_____	acres			
ROW in Name of County	_____	acres			
*Easement for _____	_____	acres	}	_____	acres
*Easement in Name of County For _____	_____	acres			
*Easement in Name of City For _____	_____	acres			

Area of remaining property			
Left of ROW	_____	tax acres	_____ acres
Right of ROW	_____	tax acres	_____ acres

Total area of property before acquisition (sum of above)	_____	acres
--	-------	-------

*Quit Claim Deed	_____	acres
------------------	-------	-------

\* Refer to plat for takings from more than one tract

<b>2. FLOWAGE EASEMENT TO ELEV.</b>	_____	acres
-------------------------------------	-------	-------

<b>3. RIGHT TO POND WATER TO ELEV.</b>	_____	acres
--	-------	-------

<b>4. ACQUIRE UNDERLYING TITLE TO EXISTING ROW (CURRENTLY HELD BY EASEMENT)</b>	_____	
---	-------	--

State	_____	acres
-------	-------	-------

<b>5. TEMPORARY ACQUISITION:</b>		
----------------------------------	--	--

Borrow by Easement	_____	acres
--------------------	-------	-------

Haul Road by Easement	_____	acres
-----------------------	-------	-------

Detour by Easement	_____	acres
--------------------	-------	-------

Temporary Easement to _____	_____	
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<b>6. ACCESS CONTROL:</b> Classification adjacent to this property is	<input type="checkbox"/> Priority I	<input type="checkbox"/> Priority III	<input type="checkbox"/> Priority V
	<input type="checkbox"/> Priority II	<input type="checkbox"/> Priority IV	<input type="checkbox"/> Priority VI

Access Rights to be acquired between Stations	_____	& Sta.	_____
	_____	& Sta.	_____
	_____	& Sta.	_____
	_____	& Sta.	_____

Access Locations at Stations	_____	
------------------------------	-------	--

Entrances will be constructed at Stations	_____	
---	-------	--

Additional Length of Drive	_____	ft.
----------------------------	-------	-----

**7. ROW FENCING:**

The State will construct access control fencing through the Priority I access control limits:	_____	sta.	_____	to	_____	,
sta. _____ to _____ , sta. _____ to _____ , sta. _____ to _____ ,						
including side road access control limits:	_____	sta.	_____	to	_____	,
sta. _____ to _____ , sta. _____ to _____ , sta. _____ to _____ .						

The Acquisition Agent is responsible for determining the amount of right of way if any is to be replaced in all other locations.

**COMMENTS**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

RIGHT OF WAY DESIGN		00000000000\ROW\J12345678.
SUMMARY OF PROPOSED ACQUISITION		
DESIGN SECTION		
County _____	Project No. _____	ID No. _____
Owner of Record _____		Parcel No. _____
Contract Purchaser _____		
Leasehold _____		
Mineral Rights/Mineral Leases _____		

#####

- 00000000o00\row\j12345678.** – This is an internal computer location path.
- County** – County in which the property to be acquired is located.
- Project No.** – This is the Right of Way project number.
- Parcel No.** – Office of Right of Way assigned number. Each ownership should have a unique number assigned to their property for tracking and filing purposes.
- ID No.** – Office of Right of Way number, used for internal tracking of a parcel.
- Owner of Record** – This is the fee simple title holder of record (from County Courthouse).
- Contract Purchaser** – This is the person or persons, if any, that have a contract to purchase the property.
- Leasehold** – Any known leasehold interests should be listed here.
- Mineral Rights / Mineral Leases** – Any mineral rights or related information is listed here.

<b>1. PERMANENT ACQUISITION AND PROPERTY AREAS:</b>			
	ROW in Name of State	_____	acres SF
	Excess/Uneconomic Remnant	_____	acres SF
*Fee Title	Wetland Mitigation Area	_____	acres SF
	ROW in Name of City	_____	acres SF
	ROW in Name of County	_____	acres SF
*Easement for	_____	_____	acres SF
*Easement in Name of County For	_____	_____	acres SF
*Easement in Name of City For	_____	_____	acres SF
Area of remaining property			
	Left of ROW	_____	tax acres SF
	Right of ROW	_____	tax acres SF
Total area of property before acquisition (sum of above)			tax acres SF
*Quit Claim Deed			acres SF
* Refer to plat for takings from more than one tract			

#####

### Permanent Acquisition and Property Areas: - Determination of acquisition type.

**ROW in Name of State** – This line is for acquisition that is to be acquired by fee simple title in the name of The State of Iowa.

**Excess/Uneconomic Remnant** – This line is for the area that is deemed to be excessive to the required right of way at this time. This area may be disposed of at a later date. This area will be acquired by fee simple title in the name of the State of Iowa.

**Wetland Mitigation Area** – This line is for the area required for wetland mitigation. This area will be acquired by fee simple title in the name of the State of Iowa.

**Fee Title ROW in Name of City** – This line is for acquisition by fee simple title in the name of the relevant city. The specific city should be stated on the attached plot plan.

**ROW in Name of County** – This line is for acquisition by fee simple title in the name of the relevant county.

**Easement for** – This line is for the purpose and area to be acquired by permanent easement in the name of the State of Iowa. Examples would be: Roadway, Culvert, Wetland Mitigation, etc.

**Easement in Name of County for** – This line is for the purpose and area to be acquired by permanent easement in the name of the relevant county.

**Easement in Name of City for** – This line is for the purpose and area to be acquired by permanent easement in the name of the relevant city.

**Area of remaining property, Left of ROW and Right of ROW** – This is the taxable acreage area that will be remaining on the parcel after the right of way acquisition process is completed and is broken down left and right of the proposed highway.

**Total area of property before acquisition (sum of above)** – This is the taxable area of the property before the right of way acquisition process. This figure is taken from the assessor's records when available. If the information is not available, such as in urban areas, the area is calculated and marked as such.

**Quit Claim Deed** – This line is for the area of any quit claim deeds that may be required. Quit claim deeds are utilized when the owner is unable to convey fee simple title.

#### GENERAL NOTES REGARDING ACQUISITION TYPES:

##### **Acquisition Symbols (shown on plan sheets)**

Solid triangle – Proposed fee simple title

Solid hexagon – Proposed permanent easement

Open triangle – Existing right of way break point

Open hexagon – Proposed temporary easement break point

##### **Types of Acquisition on Plot Plans**

Single hatched area – Proposed acquisition in the name of the state (both fee simple title and permanent easement are shown in the same manner but will be differentiated by notation on the plot plan)

Crosshatched area – Proposed acquisition in the name of the county

Dashed single hatched – Proposed acquisition in the name of the city

Single hatched by parallel lines – proposed temporary easement area

Double hatched area – Proposed temporary easement

2. FLOWAGE EASEMENT TO ELEV. _____	_____	acres
3. RIGHT TO POND WATER TO ELEV. _____	_____	acres
4. ACQUIRE UNDERLYING TITLE TO EXISTING ROW (CURRENTLY HELD BY EASEMENT)	_____	acres
State _____	_____	acres
5. TEMPORARY ACQUISITION:		
Borrow by Easement _____	_____	acres
Haul Road by Easement _____	_____	acres
Detour by Easement _____	_____	acres
Temporary Easement to _____	_____	acres

#####

**Flowage Easement to Elev.** – This line provides an elevation that water may temporarily reach and an area that would be covered at the specified elevation.

**Right to Pond Water to Elev.** – This line provides an elevation that water will be impounded to and an area that would be covered at the specified elevation.

**Acquire Underlying Title to Existing ROW (Currently Held by Easement)** – This is the area that is currently held by permanent easement that will be converted to fee simple title. This area is non compensable.

**Temporary Acquisitions :** - Areas where there is a temporary easement need.

**Borrow by Easement** – This area would have dirt removed and used for the new road construction. This area is provided since it will be encumbered and unusable by the property owner for the duration of the project construction. Borrows that are to be acquired by fee simple title are included in the fee acquisition area under “ROW in Name of State”.

**Haul Road by Easement** – This area is for construction to transport dirt from the borrow to the new roadway. This area is provided since it will be encumbered and unusable by the property owner for the duration of the project construction.

**Detour by Easement** – This area will be used for vehicles to use while the road is under construction. This area is provided since it will be encumbered and unusable by the property owner for the duration of the project construction.

**Temporary Easement to** – This line is used to list those items that will require encroachment for a temporary length of time such as construction of entrances, shaping etc.

6. ACCESS CONTROL: Classification adjacent to this property is	?	Priority I	?	Priority III	?	Priority V
	?	Priority II	?	Priority IV	?	Priority VI
Access Rights to be acquired between Stations	_____			& Sta.	_____	
	_____			& Sta.	_____	
	_____			& Sta.	_____	
	_____			& Sta.	_____	
Access Locations at Stations	_____				_____	
Entrances will be constructed at Stations	_____				_____	
	_____				_____	
Additional Length of Drive	_____				_____	ft.

#####

## ACCESS CONTROL:

**Classification adjacent to this property is** – Priority classification establishes the general access control spacing for highways. Priority classification can change within the project - Priority I is the most stringent and Priority VI the least.

**Priority I** – A primary highway constructed as a fully controlled access highway. Permanent access to the facility is allowed only at interchange locations.

**Priority II** – A primary highway constructed as a two-lane or multilane facility with a high degree of access control. Access to the facility is allowed only at interchanges and selected at-grade locations. The minimum allowable spacing between access locations is one-half mile.

**Priority III** – A primary highway constructed as a two-lane or multilane facility with access allowed at interchanges and at-grade locations. The minimum allowable spacing between access locations is 1000 feet, but spacing of one-quarter mile is preferable.

**Priority IV** – A primary highway constructed as a two-lane facility, but may include certain a multilane facility. This category is divided into (a) with minimum spacing of 600 feet and (b) with minimum spacing of 300 feet.

**Priority V** – A primary highway where access rights were acquired between 1956 and 1966 with no spacing limitations. There are a number of criteria, but generally restricted to one entrance per 1,000 feet of highway frontage.

**Priority VI** – A primary highway where the acquisition of access rights or additional access rights is not anticipated. Access locations are approved based on safety and need.

(see “Iowa Primary Road Access Management Policy” for specific priority descriptions).

**Access rights to be acquired between Stations** – Lists the limits of the access control to be acquired. These limits should be indicated on the plot plan.

**Access Location points at Stations** – These are reserved location points within the access control limits. These are reserved on the agreement and in the respective deed. Usually entrances will be constructed at these locations but not always.



**Entrances will be constructed at Stations** – All entrances that are to be constructed on the property should be listed. Entrance types are divided into the following three classes according to their normal usage:

**Type “A” Entrance** – An entrance developed to carry sporadic or continuous heavy concentrations of traffic. Generally carries in excess of 150 vehicles per hour. An entrance of this type would consist of multiple approach lanes and may incorporate a median. Entrance width is on a case-by-case basis. Examples include racetracks, large industrial plants, shopping centers, subdivisions or amusement parks.

**Type “B” Entrance** – An entrance developed to serve moderate traffic volumes. Generally, carries at least 20 to 150 vehicles per hour. An entrance of this type would normally consist of one inbound and one outbound traffic lane. Allowable width is 24-45 feet. For one-way operation, allowable width is 12-30 feet. Examples include service stations, small businesses or light industrial plants.

**Type “C” Entrances** – An entrance developed to serve light traffic volumes. Generally carries less than 20 vehicles per hour. An entrance of this type would not normally accommodate simultaneous inbound and outbound vehicles. Allowable width is 15-30 feet. If the entrance serves more than one property, the allowable width is 20-35 feet. Examples include residential, farm or field entrances.

**Additional Length of Drive** – Where entrances on private property are relocated from the original alignment, the additional length of the drive to be maintained is noted here. The property owner will be compensated at the rate of \$20 per lineal foot of computed distance for future maintenance. This is only provided on entrances to residences.

Basis:

Section 306.19 Right of Way Access Notice, subsection (2)(a) of the *Iowa Code*.

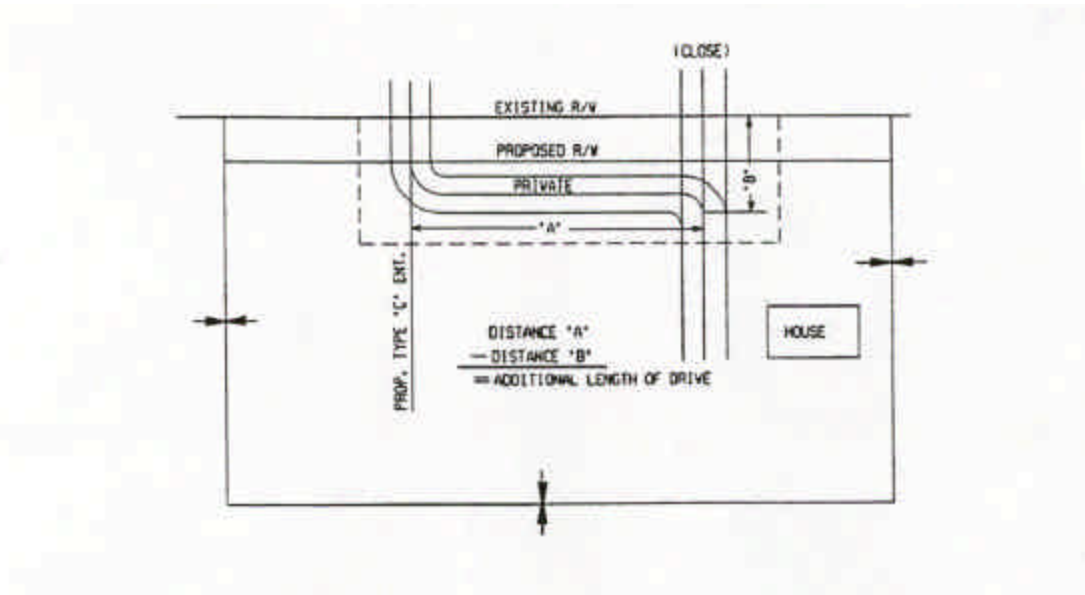


Exhibit 21-7

**7. ROW FENCING:**

The State will construct access control fencing through the Priority I access control limits: sta. \_\_\_\_\_ to \_\_\_\_\_ ,  
sta. \_\_\_\_\_ to \_\_\_\_\_ , sta. \_\_\_\_\_ to \_\_\_\_\_ , sta. \_\_\_\_\_ to \_\_\_\_\_ ,  
including side road access control limits: , sta. \_\_\_\_\_ to \_\_\_\_\_ , sta. \_\_\_\_\_ to \_\_\_\_\_ ,  
sta. \_\_\_\_\_ to \_\_\_\_\_ , sta. \_\_\_\_\_ to \_\_\_\_\_ , sta. \_\_\_\_\_ to \_\_\_\_\_ .  
The Acquisition Agent is responsible for determining the amount of right of way if any is to be replaced in all other locations.

**COMMENTS**

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Prepared by \_\_\_\_\_  
Date \_\_\_\_\_

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**ROW FENCING**

This area lists the limits of the fencing that will be constructed by the State and therefore the property owner should not be compensated for said fence within these limits. This is done on all Priority I projects and could be at Interchanges.

**Comments** – This area should contain any general comments that would be pertinent to the parcel. All entrances that are going to be closed should be listed here as well as any previously acquired access control along with reserved access locations that will be eliminated, moved etc.

# INDEX

## IOWA CONSTITUTION

Article I, Bill of Rights, Section 18 – Eminent Domain.

Manual: Pages 2, 3, 7, 15, 37,38 and 45. Exhibit 19-1.

## CODE OF IOWA REFERENCES

Chapter 6A, Eminent Domain Law (Condemnation).

Manual: Pages 2, 8 and 15.

Chapter 6B, Procedure Under Eminent Domain.

Manual: Pages 2, 8 and 15.

- § 6B. 2B      Acquisition negotiation statement of rights.  
Manual: Page 7.
- § 6B.4        Commission to assess damages.  
Manual: Page 7.
- § 6B.4A      Review of applications by compensation commission  
Manual: Page 7.
- § 6B.7        Commissioners to qualify.  
Manual: Page 7.
- § 6B.14      Appraisement report.  
Manual:        Exhibit 19-12.
- § 6B.18      Notice of appraisement – appeal of award – notice of appeal.  
Manual: Page 7.
- § 6B.25      Right to take possession of lands – title.  
Manual: Page 7.
- § 6B.26      Dispossession of owner.  
Manual: Page 7.
- § 6B.33      Costs and attorney fees.  
Manual: Pages 7 and 8.
- § 6B.42      Eminent domain – payment to displaced persons.  
Manual: Pages 8, 39, 62 and 65. Exhibit 19-12.
- § 6B.44      Taking property for highway – buildings and fences moved.  
Manual: Page 54.
- § 6B.45      Mailing copy of appraisal.  
Manual: Pages 7, 43 and 74.
- § 6B.54      Federally assisted project and displacing activities – acquisition policies.  
Manual: Pages 7, 8 and 50.
- § 6B.55      Buildings, structures and improvements on federally assisted programs and projects.  
Exhibit 19-7.

Chapter 306, Establishment, Alteration and Vacation of Highways.

Manual: Page 50.

§306.19      Right-of-way – access – notice.  
Manual: Page 52.

Chapter 314, Administrative Provisions for Highways.

Manual: Page 52.

§314.12A      Preservation of topsoil in highway construction  
Manual: Page 52.

§314.23      Environmental protection  
Manual: Page 64.

Chapter 316, Relocation of Persons Displaced By Highways.

Manual: Pages 2, 8 and 65. Exhibit 19-12.

§316.2      Effect on acquisition and condemnation  
Manual: Pages 39 and 62. Exhibit 19-12.

Chapter 455B, Jurisdiction of Department of Natural Resources.

Manual: Page 55.

§455B.381 – 399      Hazardous Conditions.  
Manual: Page 59.

Chapter 543D, Real Estate Appraisals and Appraisers.

Manual: Page 1 and 13.

## **IOWA CASE LAW**

Aladdin, Inc. v. Black Hawk County, 562 N.W.2d 608 (Iowa 1997).

Manual: Pages 38 and 55.

Batcheller v. Iowa State Highway Commission, 101 N.W.2d 30, 33 (Iowa 1960).

Manual: Page 32. Exhibit 19-7.

Belle v. Iowa State Highway Commission, 126 N.W.2d 311 (Iowa 1964).

Manual: Pages 38 and 47. Exhibits 19-1 and 19-10.

Bellew v. Iowa State Highway Commission, 171 N.W.2d 284, 288-289 (Iowa 1969).

Manual: Pages 25, 39 and 47. Exhibits 19-3 and 19-10.

Blank v. Iowa State Highway Commission, 252 Iowa 1128, 109 N.W.2d 713 (1961).

Page 61. Exhibit 19-3.

Bowser v. Iowa Department of Transportation, 504 N.W.2d 632 (Iowa 1993).

Manual: Page 59. Exhibit 19-7.

Cahill v. Cedar County, Iowa, 367 F. Supp. 39 (N.D. Iowa 1973).

Manual: Pages 39 and 62.

Campbell v. ISHC, 222 Iowa 544, 269 N.W. 20 (1936).

Manual: Page 47. Exhibit 19-10.

City of Des Moines v. Geller Glass & Upholstery, Inc., 319 N.W.2d 239 (Iowa 1982).

Manual: Page 32. Exhibit 19-6.

City of Des Moines v. McCune, 487 N.W.2d 83 (Iowa 1992).  
Manual: Page 60. Exhibits 19-6 and 19-8.

City of Des Moines v. Wizer, Inc., 446 N.W.2d 289 (Iowa 1989).  
Manual: Pages 60 and 62. Exhibit 19-6.

Crist v. Iowa State Highway Commission, 123 N.W.2d 424 (Iowa 1963).  
Manual: Page 64. Exhibit 19-2.

Danamere Farms, Inc. v. Iowa Department of Transportation, 567 N.W.2d 231 (Iowa 1997).  
Manual: Page 48. Exhibits 19-1 and 19-11.

DePenning v. Iowa Power & Light Co., 33 N.W.2d 503 (Iowa 1948).  
Manual: Page 61. Exhibit 19-4.

Des Moines Wet Wash Laundry v. City of Des Moines, 197 Iowa 1082, 198 N.W. 486, 489 (1924).  
Manual: Page 41. Exhibit 19-4.

Dolezal v. City of Cedar Rapids, 209 N.W.2d 84 (Iowa 1973).  
Manual: Page 18.

Estelle v. Iowa State Highway Commission, 119 N.W.2d 900 (Iowa 1963).  
Manual: Page 64. Exhibit 19-2.

Fanning v. Mapco, Inc., 181 N.W.2d 190 (Iowa 1970).  
Manual: Page 61. Exhibit 19-4.

Fritz v. Iowa State Highway Commission, 270 N.W.2d 835 (Iowa 1978).  
Manual: Page 23 and 32. Exhibit 19-6.

Grove & Burke, Inc. v. City of Fort Dodge, 469 N.W.2d 703 (Iowa 1991).  
Manual: Page 61. Exhibit 19-3.

Hamer v. Iowa State Highway Commission, 98 N.W.2d 746 (Iowa 1959).  
Manual: Page 61. Exhibit 19-1.

Hardaway v. City of Des Moines, 166 N.W.2d 578, 580 (Iowa 1969).  
Manual: Page 48. Exhibit 19-11.

Harris v. Board of Trustees of Green Bay Levee & Drainage Dist. No. 2, Lee County, 59 N.W.2d 234, 237 (Iowa 1953).  
Manual: Pages 25 and 38. Exhibits 19-1 and 19-3.

Hinrichs v. Iowa State Highway Commission, 152 N.W.2d 248 (Iowa 1967).  
Manual: Page 61 and 62. Exhibit 19-5.

In Re Primary Rd. No. 141, 255 Iowa 711, 124 N.W.2d 141, 147 (1963).  
Manual: Pages 39 and 62. Exhibit 19-10.

Interstate Finance Corporation v. Iowa City, 149 N.W.2d 308 (Iowa 1967).  
Manual: Pages 32 and 62. Exhibit 19-7.

Iowa Development Company v. Iowa State Highway Comm., 122 N.W.2d 323 (Iowa 1963).  
Manual: Pages 47 and 48. Exhibits 19-10 and 19-11.

Johnson County Broadcasting Corp. v. Iowa State Highway Comm, 256 Iowa 1251, 130 N.W.2d 707 (1964).  
Manual: Page 60. Exhibit 19-6.

Jones v. Iowa State Highway Commission, 259 Iowa 616, 144 N.W.2d 277, 280 (1966).  
Manual: Pages 18, 25 and 48. Exhibits 19-3 and 19-9.

Jordan v. Iowa Department of Transportation, 468 N.W.2d 827 (Iowa 1991).  
Manual: Pages 12 and 47. Exhibit 19-9.

Kurth v. Iowa Department of Transportation, 628 N.W.2d 1 (Iowa 2001).  
Manual: Page 60. Exhibits 19-5 and 19-6.

Lassie's Red Barn, Inc. v. Iowa Department of Transportation, 428 N.W. 2d 319 (Iowa Ct. App.1988).  
Manual: Page 33. Exhibits 19-6 and 19-6.

Lehigh Clay Products, Ltd. v. Iowa Department of Transportation, 512 N.W.2d 541 (Iowa 1994).  
Manual: Page 59. Exhibit 19-8.

Lehman v. Iowa State Highway Commission, 251 Iowa 77, 99 N.W.2d 404 (1959).  
Manual: Pages 41 and 62. Exhibits 19-2, 19-4 and 19-4.

Linge v. Iowa State Highway Commission, 260 Iowa 1226, 150 N.W. 2d 642 (1967).  
Manual: Page 41. Exhibit 19-2.

Maxwell v. Highway Commission, 223 Iowa 159, 271 N.W. 883 (1937).  
Manual: Page 25. Exhibit 19-3.

Martinson v. Iowa State Highway Commission, 134 N.W.2d 340 (Iowa 1965).  
Manual: Page 47. Exhibit 19-10.

Moran v. Iowa State Highway Commission, 274 N.W. 59 (Iowa 1937).  
Manual: Page 61. Exhibit 19-4.

Nadler v. City of Mason City, 387 N.W.2d 587 (Iowa 1986).  
Manual: Page 62. Exhibit 19-2.

Nedrow v. Michigan-Wisconsin Pipeline Co., 61 N.W.2d 687 (Iowa 1953).  
Manual: Page 60. Exhibit 19-6.

Nelson v. Iowa State Highway Commission, 253 Iowa 1248, 115 N.W.2d 695 (1962).  
Manual: Page 61. Exhibit 19-5.

Nidy and Company v. State, 189 N.W.2d 583 (Iowa 1971).  
Manual: Pages 39, 61 and 62. Exhibit 19-12.

Post-Newsweek Cable, Inc. v. Board of Review, 497 N.W.2d 810 (Iowa 1993).  
Manual: Page 60. Exhibit 19-5.

Randell v. Iowa State Highway Commission, 241 N.W. 685 (Iowa 1932).  
Manual: Pages 25 and 62. Exhibits 19-3 and 19-9.

Redfield v. ISHC, 99 N.W.2d 413 (Iowa 1959).  
Manual: Pages 47 and 48. Exhibits 19-10, 19-10 and 19-11.

Redfield v. Iowa State Highway Commission, 110 N.W.2d 397 (Iowa 1961).  
Manual: Pages 12 and 47. Exhibits 19-11 and 19-12.

Richardson v. Derry, 284 N.W. 82 (Iowa 1939).  
Manual: Page 61. Exhibit 19-4.

Riley v. Iowa City Board of Review, 549 N.W.2d 289 (Iowa 1996).  
Manual: Page 47. Exhibit 19-9.

Simkins v. City of Davenport, 232 N.W.2d 561 (Iowa 1975).  
Manual: Page 61. Exhibit 19-3.

Socony Vacuum Oil Co. v. State, 170 N.W.2d 378 (Iowa 1969).  
Manual: Pages 39, 46 and 48. Exhibits 19-1 and 19-9.

Stortenbecker v. Iowa Power & Light Co., 96 N.W.2d 468 (Iowa 1959).  
Manual: Page 61. Exhibit 19-1.

Twin-State Eng. & Chem. Co. v. Iowa State Highway Commission, 197 N.W.2d 575 (Iowa 1972).  
Manual: Page 33. Exhibits 19-6 and 19-6.

Warren v. Iowa State Highway Commission, 250 Iowa 473, 93 N.W.2d 60 (1958).

Manual: Page 61. Exhibit 19-5.

Wilkes v. Iowa State Highway Commission, 172 N.W.2d 790 (Iowa 1969).

Manual: Pages 32 and 64. Exhibits 19-2 and 19-7.

Wilson v. Fleming, 239 Iowa 718, 31 N.W.2d 393 (1948).

Manual: Page 49. Exhibits 19-4 and 19-9.

Wilson v. Iowa State Highway Commission, 249 Iowa 994, 90 N.W.2d 161, 169 (1958).

Manual: Page 60 and 61. Exhibits 19-3, 19-3 and 19-6.

Young v. Iowa Department of Transportation, 490 N.W.2d 554 (Iowa 1992).

Manual: Page 58.

## **IOWA CIVIL JURY INSTRUCTIONS**

2500.3      Measure of Recovery.

Manual: Pages 25, 39 and 42. Exhibits 19-1 and 19-3.

2500.4      Fair and Reasonable Market Value.

Manual: Pages 12, 38, 47 and 61. Exhibits 19-1 and 19-11.

2500.6      Valuation Factors.

Manual: Page 39.

2500.7      Comparables.

Manual: Page 48.

2500.10     Measure of Damages Re: Leasehold.

Manual: Page 32. Exhibit 19-10.

2500.15     Highest and Best Use – Zoning Classification

Manual: Page 18.

## **APPRAISAL FORMS**

Form 632-052      Record of Contacts (All Appraisals-Include in File)

Manual: Page 13. Exhibit 7.

Form 633-101      Appraisal Report (Iowa DOT Logo)

Manual: Pages 10, 23, 26, 28, 30, 32, 34, 59, 75 and 76. Exhibit 1.

Form 633-102      Allocation of Just Compensation (Needed for Partial Acquisitions)

Manual: Pages 43, 74 and 76. Exhibit 12.

Form 633-204      Certificate of Appraiser

Manual: Pages 11, 26, 28, 30 and 34. Exhibit 2.

Form 633-205      Purpose, Definitions, Title, etc.

Manual: Pages 11, 26, 28, 30, 34 and 37. Exhibit 3.

Form 633-206	Assumptions and Limiting Conditions Manual: Page 11. Exhibit 4.
Form 633-210	Comparable Sale Data (Rural) Exhibit 8.
Form 633-215	Comparable Sale Data (Urban or Residential) Exhibit 9.
Form 633-301	Supplemental to Appraisal (Minor Revision) Manual: Page 35. Exhibit 10.
Form 633-401	Residential Appraisal Report (Iowa DOT Logo) Manual: Pages 11, 23, 31, 32, 59 and 75. Exhibit 5.
Form 633-501	Review Appraiser's Report Manual: Pages 35 and 75. Exhibit 11.
Form 633-502	Certificate of Review Appraiser Manual: Page 75. Exhibit 13.
Form 633-701	Appraisal of Sign or Billboard (Iowa DOT Logo) Exhibit 6.

**Generic Forms for Eminent Domain Appraisals prepared for Local Public Agencies:**

Appraisal Report Manual: Pages 10, 23, 26, 28, 30, 32, 34, 59, 75 and 76. Exhibit 14.
Residential Appraisal Report Manual: Pages 11, 23, 31, 32, 59 and 75. Exhibit 15.
Appraisal of Sign or Billboard Exhibit 16.
Review Appraiser's Report Manual: Pages 35 and 77. Exhibit 17.
Certificate of Review Appraiser Manual: Page 78. Exhibit 18